

**VILLAGE OF MINERVA PARK  
FRANKLIN COUNTY, OHIO**

***FINANCIAL STATEMENTS***

FOR THE YEAR ENDED  
DECEMBER 31, 2014

**Jeffrey Wilcheck, CPA, Fiscal Officer**





# Dave Yost • Auditor of State

Village Council  
Village of Minerva Park  
2829 Minerva Lake Rd  
Columbus, OH 43231

We have reviewed the *Independent Auditor's Report* of the Village of Minerva Park, Franklin County, prepared by Julian & Grube, Inc., for the audit period January 1, 2014 through December 31, 2014. 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 Minerva Park is responsible for compliance with these laws and regulations.

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

Dave Yost  
Auditor of State

June 16, 2016

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**VILLAGE OF MINERVA PARK  
FRANKLIN COUNTY, OHIO**

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# Julian & Grube, Inc.

*Serving Ohio Local Governments*

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

## Independent Auditor's Report

Village of Minerva Park  
Franklin County  
2829 Minerva Lake Road  
Columbus, OH 43231

To the Members of Council and Mayor:

### ***Report on the Financial Statements***

We have audited the accompanying cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Minerva Park, Franklin County, Ohio, as of and for the year ended December 31, 2014, and the related notes to the basic financial statements, which collectively comprise the Village of Minerva Park's financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are 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 of Minerva Park'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 of Minerva Park'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.

Independent Auditor's Report  
Page Two

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Minerva Park, Franklin County, Ohio, as of December 31, 2014, and the respective changes in cash financial position and the respective budgetary comparisons for the General Fund and the Street Maintenance and State Highway major special revenue funds, thereof for the year then ended in accordance with the accounting basis described in Note 2.

***Emphasis of Matter***

As discussed in Note 3.A. to the financial statements, prior period restatements were required to correctly state the beginning net position for the governmental activities and to properly state the beginning fund balances of the general fund and other governmental funds. We did not modify our opinion regarding this matter.

***Accounting Basis***

We draw attention to Note 2 of the financial statements, which describes the accounting basis. The financial statements are prepared on the cash basis of accounting, which differs from generally accepted accounting principles. We did not modify our opinion regarding this matter.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated April 26, 2016 on our consideration of the Village of Minerva Park'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 of Minerva Park's internal control over financial reporting and compliance.

*Julian & Grube, Inc.*  
Julian & Grube, Inc.  
April 26, 2016

**Village of Minerva Park, Ohio**  
Statement of Net Position - Cash Basis  
As of December 31, 2014

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	Governmental Activities
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$745,308
Restricted Assets:	
Cash and Cash Equivalents with	
Fiscal/Escrow Agents	61,051
<i>Total Assets</i>	<u>\$806,359</u>
<b>Net Position</b>	
Restricted for:	
Capital Projects	\$60,746
Debt Service	88,481
Other Purposes	343,327
Unrestricted	313,805
<i>Total Net Position</i>	<u>\$806,359</u>

See accompanying notes to the basic financial statements

**Village of Minerva Park, Ohio**  
 Statement of Activities - Cash Basis  
 For the Year Ended December 31, 2014

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	Program Cash Receipts			
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Total
<b>Governmental Activities</b>				
Current:				
Security of Persons and Property	\$480,694	\$39,377	\$0	(\$441,317)
Public Health Services	9,298	0	0	(9,298)
Leisure Time Activities	67,339	54,940	0	(12,399)
Community Environment	5,376	1,406	500	(3,470)
Basic Utility Services	83,081	81,675	0	(1,406)
Transportation	24,950	0	72,677	47,727
General Government	310,805	40,973	0	(269,832)
Capital Outlay	9,404	0	0	(9,404)
Debt Service:				
Principal Retirement	99,430	0	0	(99,430)
Interest and Fiscal Charges	<u>17,225</u>	<u>0</u>	<u>0</u>	<u>(17,225)</u>
<i>Total Primary Government</i>	<u><u>\$1,107,602</u></u>	<u><u>\$218,371</u></u>	<u><u>\$73,177</u></u>	<u><u>(816,054)</u></u>
General Receipts:				
Property Taxes Levied for:				
General Purposes				448,303
Debt Service				22,090
Income Taxes				393,730
Grants and Entitlements not Restricted to Specific Programs				122,372
Cable Franchise Fees				12,442
Earnings on Investments				137
Miscellaneous				26,145
Total General Receipts				<u>1,025,219</u>
Change in Net Position				209,165
<i>Net Position Beginning of Year, Restated</i>				<u>597,194</u>
<i>Net Position End of Year</i>				<u><u>\$806,359</u></u>

See accompanying notes to the basic financial statements

**Village of Minerva Park, Ohio**  
 Statement of Assets and Fund Balances - Cash Basis  
 Governmental Funds  
 As of December 31, 2014

	General	Street Maintenance	State Highway	Waterline Debt	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>						
Equity in Pooled Cash and Cash Equivalents	\$297,819	\$90,905	\$87,996	\$73,328	\$195,260	\$745,308
Restricted Assets:						
Cash and Cash Equivalents with Fiscal/Escrow Agents	0	0	0	0	61,051	61,051
<i>Total Assets</i>	<u>\$297,819</u>	<u>\$90,905</u>	<u>\$87,996</u>	<u>\$73,328</u>	<u>\$256,311</u>	<u>\$806,359</u>
<b>Fund Balances</b>						
Restricted	0	90,905	87,996	0	100,813	279,714
Committed	0	0	0	73,328	155,498	228,826
Assigned	34,106	0	0	0	0	34,106
Unassigned (Deficit)	<u>263,713</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>263,713</u>
<i>Total Fund Balances</i>	<u>\$297,819</u>	<u>\$90,905</u>	<u>\$87,996</u>	<u>\$73,328</u>	<u>\$256,311</u>	<u>\$806,359</u>

See accompanying notes to the basic financial statements

**Village of Minerva Park, Ohio**  
 Statement of Receipts, Disbursements and Changes in Fund Balances - Cash Basis  
 Governmental Funds  
 For the Year Ended December 31, 2014

	General	Street Maintenance	State Highway	Waterline Debt	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>						
Municipal Income Taxes	\$393,730	\$0	\$0	\$0	\$0	\$393,730
Property Taxes	448,303	0	0	0	22,090	470,393
Intergovernmental	114,785	65,403	3,418	0	11,443	195,049
Charges for Services	94,531	0	0	77,853	3,609	175,993
Fines, Licenses and Permits	53,533	0	0	0	1,287	54,820
Earnings on Investments	122	6	8	0	1	137
Miscellaneous	26,145	0	0	0	500	26,645
<i>Total Receipts</i>	<i>1,131,149</i>	<i>65,409</i>	<i>3,426</i>	<i>77,853</i>	<i>38,930</i>	<i>1,316,767</i>
<b>Disbursements</b>						
Current:						
Security of Persons and Property	480,694	0	0	0	0	480,694
Public Health Services	9,298	0	0	0	0	9,298
Leisure Time Activities	67,339	0	0	0	0	67,339
Community Environment	5,376	0	0	0	0	5,376
Basic Utility Services	83,081	0	0	0	0	83,081
Transportation	0	24,950	0	0	0	24,950
General Government	309,270	0	0	0	1,535	310,805
Capital Outlay	0	0	0	0	9,404	9,404
Debt Service:						
Principal Retirement	0	16,913	0	57,517	25,000	99,430
Interest and Fiscal Charges	0	1,593	0	13,245	2,387	17,225
<i>Total Disbursements</i>	<i>955,058</i>	<i>43,456</i>	<i>0</i>	<i>70,762</i>	<i>38,326</i>	<i>1,107,602</i>
<i>Net Change in Fund Balances</i>	<i>176,091</i>	<i>21,953</i>	<i>3,426</i>	<i>7,091</i>	<i>604</i>	<i>209,165</i>
<i>Fund Balances Beginning of Year, Restated</i>	<i>121,728</i>	<i>68,952</i>	<i>84,570</i>	<i>66,237</i>	<i>255,707</i>	<i>597,194</i>
<i>Fund Balances End of Year</i>	<i>\$297,819</i>	<i>\$90,905</i>	<i>\$87,996</i>	<i>\$73,328</i>	<i>\$256,311</i>	<i>\$806,359</i>

See accompanying notes to the basic financial statements

**Village of Minerva Park, Ohio**  
 Statement of Receipts, Disbursements and Changes  
 In Fund Balance - Budget and Actual - Budget Basis  
 General Fund  
 For the Year Ended December 31, 2014

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	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
<b><u>Receipts</u></b>				
Municipal Income Taxes	\$361,700	\$361,700	\$393,730	\$32,030
Property Taxes	462,000	453,108	448,303	(4,805)
Intergovernmental	110,150	115,588	114,785	(803)
Charges for Services	135,500	125,500	94,531	(30,969)
Fines, Licenses and Permits	60,700	72,100	53,533	(18,567)
Earnings on Investments	200	200	122	(78)
Miscellaneous	8,000	8,000	26,145	18,145
<i>Total Receipts</i>	<u>1,138,250</u>	<u>1,136,196</u>	<u>1,131,149</u>	<u>(5,047)</u>
<b><u>Disbursements</u></b>				
Current:				
Security of Persons and Property	556,126	555,126	486,973	68,153
Public Health Services	9,300	9,300	9,298	2
Leisure Time Activities	77,300	77,200	67,339	9,861
Community Environment	5,280	5,280	5,527	(247)
Basic Utility Services	90,400	90,400	83,081	7,319
General Government	411,124	412,224	336,946	75,278
<i>Total Disbursements</i>	<u>1,149,530</u>	<u>1,149,530</u>	<u>989,164</u>	<u>160,366</u>
<i>Net Change in Fund Balance</i>	<u>(11,280)</u>	<u>(13,334)</u>	<u>141,985</u>	<u>155,319</u>
<i>Unencumbered Fund Balance Beginning of Year, Restated</i>	118,258	118,258	118,258	0
Prior Year Encumbrances Appropriated	3,470	3,470	3,470	0
<i>Unencumbered Fund Balance End of Year</i>	<u>\$110,448</u>	<u>\$108,394</u>	<u>\$263,713</u>	<u>\$155,319</u>

See accompanying notes to the basic financial statements

**Village of Minerva Park, Ohio**  
 Statement of Receipts, Disbursements and Changes  
 In Fund Balance - Budget and Actual - Budget Basis  
 Street Maintenance Fund  
 For the Year Ended December 31, 2014

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	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b><u>Receipts</u></b>				
Intergovernmental	\$0	\$45,700	\$65,403	\$19,703
Earnings on Investments	0	0	6	6
<i>Total Receipts</i>	<u>0</u>	<u>45,700</u>	<u>65,409</u>	<u>19,709</u>
 <b><u>Disbursements</u></b>				
Current:				
Transportation	31,400	31,400	24,950	6,450
Debt Service:				
Principal Retirement	17,000	17,000	16,913	87
Interest and Fiscal Charges	1,600	1,600	1,593	7
<i>Total Disbursements</i>	<u>50,000</u>	<u>50,000</u>	<u>43,456</u>	<u>6,544</u>
<i>Net Change in Fund Balance</i>	(50,000)	(4,300)	21,953	26,253
<i>Unencumbered Fund Balance Beginning of Year</i>	<u>68,952</u>	<u>68,952</u>	<u>68,952</u>	<u>0</u>
<i>Unencumbered Fund Balance End of Year</i>	<u>\$18,952</u>	<u>\$64,652</u>	<u>\$90,905</u>	<u>\$26,253</u>

See accompanying notes to the basic financial statements

**Village of Minerva Park, Ohio**  
 Statement of Receipts, Disbursements and Changes  
 In Fund Balance - Budget and Actual - Budget Basis  
 State Highway Fund  
 For the Year Ended December 31, 2014

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	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b><u>Receipts</u></b>				
Intergovernmental	\$2,500	\$2,500	\$3,418	\$918
Earnings on Investments	0	0	8	8
<i>Total Receipts</i>	<u>2,500</u>	<u>2,500</u>	<u>3,426</u>	<u>926</u>
<b><u>Disbursements</u></b>				
<i>Total Disbursements</i>	0	0	0	0
<i>Net Change in Fund Balance</i>	2,500	2,500	3,426	926
<i>Unencumbered Fund Balance Beginning of Year</i>	<u>84,570</u>	<u>84,570</u>	<u>84,570</u>	<u>0</u>
<i>Unencumbered Fund Balance End of Year</i>	<u>\$87,070</u>	<u>\$87,070</u>	<u>\$87,996</u>	<u>\$926</u>

See accompanying notes to the basic financial statements

**Village of Minerva Park, Ohio**  
Statement of Fiduciary Net Position - Cash Basis  
Fiduciary Funds  
As of December 31, 2014

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	Agency
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	<u>\$20,884</u>
<i>Total Assets</i>	<u>\$20,884</u>
<b>Net Position</b>	
Held on Behalf of Others	<u>\$20,884</u>
<i>Total Net Position</i>	<u>\$20,884</u>

See accompanying notes to the basic financial statements

**Village of Minerva Park, Ohio**  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2014

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**Note 1 - Reporting Entity**

The Village of Minerva Park (the Village) is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a six-member council elected at large for four year terms. The Mayor is elected to a four-year term, serves as the President of Council and votes only to break a tie.

The reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure the financial statements of the Village are not misleading.

**Primary Government**

The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the Village. The primary government of the Village of Minerva Park provides the following services to its citizens: police and fire and EMS protection, parks and recreation, street maintenance and repairs, and planning and zoning. Council has direct responsibility for these services.

**Component Units**

Component units are legally separate organizations for which the Village is financially accountable. The Village is financially accountable for an organization if the Village appoints a voting majority of the organization's governing board and (1) the Village is able to significantly influence the programs or services performed or provided by the organization; or (2) the Village is legally entitled to or can otherwise access the organization's resources; the Village is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Village is obligated for the debt of the organization. Component units may also include organizations for which the Village authorizes the issuance of debt or the levying of taxes or determines the budget if there is also the potential for the organization to provide specific financial benefits to, or impose specific financial burdens on the Village. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Village, are accessible to the Village and are significant in amount to the Village. Based on these criteria, the Village has no component units.

**Related Organization**

The Village participates in a public entity risk pool as presented in Notes 8 and 13.

The Minerva Park Community Association (MPCA) performs activities, maintains a website, and publishes a newspaper within the Village's boundaries for the benefit of its residents. The financial statements of this entity are excluded from the Village's financial statements because the Village is not financially accountable for MPCA nor are they fiscally dependent on the Village.

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

**Village of Minerva Park, Ohio**  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2014

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**Note 2 - Summary of Significant Accounting Policies**

As discussed further in the “Basis of Accounting” section of this note, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. Following are the more significant of the Village’s accounting policies.

**Basis of Presentation**

The Village’s basic financial statements consist of government-wide financial statements, including a statement of net position and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

**Government-Wide Financial Statements** - The statement of net position and the statement of activities display information about the Village as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements present those activities of the Village that are governmental in nature. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions.

The statement of net position presents the cash balances of the governmental activities of the Village at year end. The statement of activities compares disbursements with program receipts for each program or function of the Village’s governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Village is responsible. Program receipts include charges paid by the recipient of the program’s goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program, and receipts of interest earned on grants required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental program is self-financing on a cash basis or draws from the general receipts of the Village.

**Fund Financial Statements** - During the year, the Village segregates transactions related to certain Village functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Village at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

**Fund Accounting**

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

**Village of Minerva Park, Ohio**  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2014

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**Governmental Funds** - Governmental funds are those through which most governmental functions of the Village are financed. The following are the Village's major governmental funds:

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

**Street Maintenance** - The street maintenance fund accounts for and reports that portion of the State gasoline tax, motor vehicle license fees, and locally enacted motor vehicle license fees restricted for maintenance, repair, and reconstruction of streets within the Village.

**State Highway** - The state highway fund accounts for and reports that portion of the State gasoline tax and motor vehicle license fees restricted for maintenance and repair of any state highways within the Village limits.

**Waterline Debt** - The waterline debt fund accounts for and reports user charges (surcharges) committed for the retirement of debt issued to finance waterline replacements throughout the Village.

The other governmental funds of the Village account for and report grants and other resources, whose use are restricted, committed or assigned to a particular purpose.

**Fiduciary Funds** - Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held by the Village under a trust agreement for individuals, private organizations, or other governments and are not available to support the Village's own programs. The Village does not have any trust funds. Agency funds are purely custodial in nature and are used to account for assets held by the Village for individuals, other governments, or other organizations. The Village's agency funds account for development fee deposits and confiscated cash pending court order distribution.

### **Basis of Accounting**

The Village's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the Village's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received, but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

**Village of Minerva Park, Ohio**  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2014

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### **Budgetary Process**

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount Village Council may appropriate. The appropriations resolution is the Village Council's authorization to spend resources and sets annual limits on cash disbursements plus encumbrances at the level of control selected by Village Council. The legal level of control has been established by Village Council at the fund and department level for the General Fund and at the fund level for all other funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the fiscal officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at year-end.

The appropriations resolution is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the annual appropriations plus all supplemental appropriations and reallocations passed by Village Council during the year.

### **Cash and Investments**

To improve cash management, cash received by the Village is pooled and invested. Individual fund integrity is maintained through Village records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents."

Cash and cash equivalents that are held separately in accounts with Franklin County for permissive tax collection are reported as "Cash and Cash Equivalents with Fiscal/Escrow Agents."

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased for the pool are reported as investments.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

During 2014, the Village invested in STAR Ohio. STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2014.

Interest earnings are allocated to Village funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2014 was \$122, which includes \$98 assigned from other Village funds.

**Village of Minerva Park, Ohio**  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2014

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### **Restricted Assets**

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either externally imposed by creditors, contributors, grantors, or laws of other governments, or are imposed by law through constitutional provisions or enabling legislation. Permissive tax monies that are held by the Franklin County Auditor for repairs, maintenance and improvements for roads specified by the levy are reported as restricted.

### **Inventory and Prepaid Items**

The Village reports disbursements for inventory and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

### **Capital Assets**

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

### **Accumulated Vacation and Sick Leave**

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Under ordinance, vacation leave is granted at the first of the year in varying amounts depending on years of service. Vacation leave not used by year-end is forfeited.

Sick leave is accrued at a rate of 4.6 hours per 80 hours of service without limit. Unused sick leave not used by year end is paid out in cash.

### **Employer Contributions to Cost-Sharing Pension Plans**

The Village recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 9 and 10, the employer contributions include portions for pension benefits and for postemployment health care benefits.

### **Long-Term Obligations**

The Village's cash basis financial statements do not report liabilities for bonds and other long-term obligations. Proceeds of debt are reported when cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure is reported at inception. Lease payments are reported when paid.

### **Net Position**

Net position is reported as restricted when there are limitations imposed on their use through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for street maintenance, police operations, and Mayor's Court information technology.

The Village's policy is to first apply restricted resources when a disbursement is incurred for purposes for which both restricted and unrestricted resources are available.

**Village of Minerva Park, Ohio**  
Notes to the Basic Financial Statements  
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## Fund Balance

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

**Nonspendable** - The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

**Restricted** - Fund balance is reported as 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.

Enabling legislation authorizes the Village to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the Village can be compelled by an external party—such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

**Committed** - The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution) of Village Council. Those committed amounts cannot be used for any other purpose unless Village Council removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, the committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by Village Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

**Assigned** - Amounts in the assigned fund balance classification are intended to be used by the Village for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by Village Council or a Village official delegated that authority by ordinance, or by State Statute.

**Unassigned** - Unassigned fund balance is the residual classification for the general fund and includes amounts not contained 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.

**Village of Minerva Park, Ohio**  
Notes to the Basic Financial Statements  
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### **Interfund Transactions**

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

### **Note 3 – Accountability and Compliance**

#### A. Prior Period Restatement

A net position restatement is required to reflect the following restatements.

	Governmental Activities
Net Position, December 31, 2013	\$542,689
Voided Checks	193
Recognition of previously excluded funds	54,312
Adjusted Net Position, December 31, 2013	<u><u>\$597,194</u></u>

During the year ended December 31, 2014, the Village removed from its accounting system various voided checks recorded as an expense to the general fund during 2013. This adjustment led to a restatement of the December 31, 2013 general fund balance. The restatement is as follows:

	General Fund - Cash Basis	General Fund - Budget Basis
Fund Balance, December 31, 2013	\$121,535	\$118,065
Voided Checks	193	193
Adjusted Fund Balance, December 31, 2013	<u><u>\$121,728</u></u>	<u><u>\$118,258</u></u>

Also during the year ended December 31, 2014, the Village recognized permissive motor vehicle license tax funds held by the County Auditor. This amount was previously excluded from the financial statements. The Village restated the permissive motor vehicle license tax fund to properly include all Village funds. The restatement is as follows:

	Other Governmental Funds
Fund Balance, December 31, 2013	\$201,395
Recognition of Previously Excluded Funds	54,312
Adjusted Fund Balance, December 31, 2013	<u><u>\$255,707</u></u>

#### B. Compliance

The Village appropriations did not meet the minimum legal level of control in noncompliance with Ohio Revised Code Section 5705.38(C).

**Village of Minerva Park, Ohio**  
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For the Year Ended December 31, 2014

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**Note 4 - Budgetary Basis of Accounting**

The budgetary basis of accounting as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General Fund, the Street Maintenance fund and the State Highway fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year-end encumbrances are treated as cash disbursements (budgetary basis) rather than as restricted, committed or assigned fund balance (cash basis). The encumbrances outstanding at year-end (budgetary basis) amounted to \$34,106 for the General Fund and \$0 in the Street Maintenance and State Highway funds.

**Note 5 – Deposits and Investments**

Monies held by the Village are classified by State statute into three categories.

Active deposits are public deposits determined to be necessary to meet current demands upon the Village treasury. Active monies must be maintained either as cash in the Village treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that Council has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Village can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;

**Village of Minerva Park, Ohio**  
Notes to the Basic Financial Statements  
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5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

Investments in stripped principal or interest obligations reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Village, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

### **Deposits**

Custodial credit risk is the risk that in the event of bank failure, the Village will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$402,845 of the Village's bank balance of \$713,857 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Village's name.

The Village has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Village or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

### **Investments**

As of December 31, 2014, the Village had \$97,350 invested in Star Ohio.

**Credit Risk** - STAR Ohio carries a rating of AAA by Standard and Poor's. The Village has no investment policy dealing with investment credit risk beyond the requirements in state statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service.

**Custodial Credit Risk** - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Village will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The repurchase agreement, federal national mortgage association notes, federal home loan mortgage corporation notes, and the federal home loan bank notes are exposed to custodial credit risk as they are uninsured, unregistered, and held by the counterparty's trust department or agent but not in the Village's name.

**Village of Minerva Park, Ohio**  
Notes to the Basic Financial Statements  
For the Year Ended December 31, 2014

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**Note 6 – Income Taxes**

The Village levies a one percent income tax on substantially all income earned in the Village. In addition, Village residents employed in other municipalities must pay one percent as no credit is given for municipal income tax paid to other cities or villages. Additional increases in the income tax rate require voter approval. Employers within the Village withhold income tax on employee compensation and remit at least quarterly and file an annual declaration. Income tax receipts are to be used to pay the cost of administering the tax and general fund operations.

**Note 7 - Property Taxes**

Property taxes include amounts levied against all real and public utility property located in the Village. Property tax revenue received during 2014 for real and public utility property taxes represents collections of 2013 taxes.

2014 real property taxes are levied after October 1, 2014, on the assessed value as of January 1, 2014, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2014 real property taxes are collected in and intended to finance 2015.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2014 public utility property taxes which became a lien December 31, 2013, are levied after October 1, 2014, and are collected in 2015 with real property taxes.

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the Village. The County Auditor periodically remits to the Village its portion of the taxes collected.

The assessed values of real property and public utility tangible property upon which 2014 property tax receipts were based are as follows:

Property Type	Assessed Values
Residential	\$29,695,530
Commercial	4,667,520
Public Utility Personal	359,910
Total Valuation	<u><u>\$34,722,960</u></u>

**Village of Minerva Park, Ohio**  
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The various levies and full tax rates for all Village operations for the year ended December 31, 2014, per \$1,000 of assessed value are:

Levies	Year Voted	Year Expires	Full Tax Rate	Effective Rates	
				Res/Ag Effective	Commerical Effective
<b><u>Unvoted Millage</u></b>					
Inside Millage	---	---	1.00	1.00	1.00
<b><u>Voted Operating Millage</u></b>					
1.9 Mill Operating	2010	2015	1.90	1.90	1.89
4.0 Mill Operating	2010	2015	4.00	4.00	3.98
3.2 Mill Operating	2011	2016	3.20	3.20	3.19
5.0 Mill Operating	2012	2017	5.00	5.00	4.98
Total Voted Operating Levies			14.10	14.10	14.04
<b><u>Voted Bonds Millage</u></b>					
Bond Retirement	1999	2015	0.75	0.75	0.75
Total Tax Levies Millage			15.85	15.85	15.79

**Note 8 - Risk Management**

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2014, the Village contracted with the Public Entities Pool of Ohio various types of insurance as follows:

Type of Coverage	Coverage	Deductible
Public Entities Pool of Ohio		
Blanket Property and Contents, Replacement	\$1,770,100	\$1,000
General Liability	5,000,000	2,500
Automobile Liability	5,000,000	0
Public Officials Liability	5,000,000	2,500
Police Professional Liability	5,000,000	2,500
Employment Practice Liability	5,000,000	2,500
Computer - Hardware	71,000	250
Computer - Software	50,000	250
Public Employee Dishonesty	200,000	500

**Village of Minerva Park, Ohio**  
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Settled claims have not exceeded this commercial coverage in any of the past three years and there was no significant reduction in coverage from the prior year.

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

**Note 9 - Defined Benefit Pension Plans**

**Ohio Public Employees Retirement System**

Plan Description - The Village participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension Plan is a cost-sharing, multiple-employer defined benefit pension plan. The Member-Directed Plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the Member-Directed Plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The Combined Plan is a cost-sharing, multiple-employer defined benefit pension plan. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the member, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by visiting <https://www.opers.org/investments.cafr.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

Funding Policy - The Ohio Revised Code provides statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14 percent of covered payroll for state and local employer units. Member contribution rates, as set forth in the Ohio Revised Code, are not to exceed 10 percent of covered payroll. For the year ended December 31, 2014, members in the state and local divisions contributed 10 percent of covered payroll. For 2014, member and employer contribution rates were consistent across all three plans.

The Village's 2014 contribution rate was 14 percent. The portion of the Village's contribution used to fund pension benefits is net of post-employment health care benefits. The portion of the employer's contribution allocated to health care for members in both the Traditional Pension and Combined Plans was 2 percent for 2014. Effective January 1, 2014, the portion of the employer contribution allocated to health care remained at 2 percent. Employer contribution rates are actuarially determined.

The Village's required contribution for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2014, 2013 and 2012 were \$20,907, \$28,222 and \$22,324, respectively. The full amount has been contributed for each year.

**Village of Minerva Park, Ohio**  
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**Ohio Police and Fire Pension Fund**

Plan Description - The Village contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing, multiple-employer defined benefit pension plan. OP&F provides retirement and disability pension benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. The report that may be obtained by visiting the OP&F website at [www.op-f.org](http://www.op-f.org) or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding Policy - Employer and employee contribution rates are set by the Ohio Revised Code. From January 1, 2014, through July 1, 2014, plan members were required to contribute 10.75 percent of their annual covered salary. From July 2, 2014, through December 31, 2014, plan members were required to contribute 11.5 percent of their annual covered salary. Throughout 2014, employers were required to contribute 19.5 percent for police officers.

The OP&F pension fund is authorized by the Ohio Revised Code to allocate a portion of the employer contribution to retiree health care benefits. For 2014, the portion of the Village's contribution used to fund pension benefits was 19 percent of covered payroll for police officers. The Village's contribution to OP&F for police were \$37,037, \$41,108 and \$35,401 for the years ended December 31, 2014, 2013 and 2012, respectively. The full amount has been contributed for each year.

**Note 10 – Postemployment Benefits**

**Ohio Public Employees Retirement System**

Plan Description - The Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the Traditional Pension Plan, a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan, a defined contribution plan; and the Combined Plan, a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan.

OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care plan for qualifying members of both the Traditional Pension and Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including post-employment health care coverage. The plan includes a medical plan, a prescription drug program, and Medicare Part B premium reimbursement.

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have ten or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The Ohio Revised Code permits, but does not mandate, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report which may be obtained by visiting <https://www.opers.org/investments/cafr.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or 800-222-7377.

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Funding Policy - The post-employment health care plan was established under, and is administered in accordance with, Internal Revenue Code 401(h). The Ohio Revised Code provides the statutory authority requiring public employers to fund post-employment health care through contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-employment health care.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2014, state and local employers contributed 14 percent of covered payroll. This is the maximum employer contribution rate permitted by the Ohio Revised Code.

Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding post-employment health care benefits. The portion of the employer contribution allocated to health care for members in the Traditional Pension and Combined Plans was 2 percent for 2014. Effective January 1, 2014, the portion of the employer contribution allocated to health care remained at 2 percent for the plan as recommended by the OPERS actuary.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided by the retiree or the retiree's surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment health care plan.

The Village's contribution allocated to fund post-employment health care benefits for the years ended December 31, 2014, 2013 and 2012 were \$3,486, \$2,171 and \$9,732, respectively. The full amount has been contributed for each year.

Changes to the health care plan were adopted by the OPERS Board of Trustees on September 9, 2012, with a transition plan commencing on January 1, 2014. With the passage of pension legislation under SB 343 and the approved health care changes, OPERS expects to be able to consistently allocate 4 percent of the employer contribution toward the health care fund after the end of the transition period.

### **Ohio Police and Fire Pension Fund**

Plan Description - The Village contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored health care program, a cost-sharing, multiple-employer defined benefit post-employment health care plan administered by OP&F. OP&F provides health care benefits including coverage for medical, prescription drug, dental, vision, Medicare Part B Premium, and long-term care to retirees, qualifying benefit recipients, and their eligible dependents.

OP&F provides access to post-retirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit check, or is a spouse or eligible dependent child of such person. The health care coverage provided by OP&F meets the definition of an Other Post-employment Benefit (OPEB) as described in Government Accounting Standards Board (GASB) Statement No. 45.

The Ohio Revised Code allows, but does not mandate, OP&F to provide OPEB benefits. Authority for the OP&F Board of Trustees to provide health care coverage to eligible participants and to establish and amend benefits is codified in Chapter 742 of the Ohio Revised Code.

**Village of Minerva Park, Ohio**  
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OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. The report may be obtained by visiting the OP&F website at [www.op-f.org](http://www.op-f.org) or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

**Funding Policy** - The Ohio Revised Code provides for contribution requirements of the participating employers and of plan members to the OP&F defined benefit pension plan. Participating employers are required by the Ohio Revised Code to contribute to the pension plan at rates expressed as a percentage of payroll of active pension plan members, currently 19.5 percent of covered payroll for police. Active members do not make contributions to the OPEB Plan.

OP&F maintains funds for health care in two separate accounts. One for health care benefits under an IRS Code Section 115 trust and one for Medicare Part B premium reimbursements administered as an Internal Revenue Code 401(h) account, both of which are within the defined benefit pension plan under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees.

The Board of Trustees is authorized to allocate a portion of the total employer contribution made to the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For the year ended December 31, 2014, the employer contribution allocated to the health care plan was 0.5 percent of covered payroll. The amount of employer contribution allocated to the health care plan each year is subject to the Trustees' primary responsibility to ensure that pension benefits are adequately funded and is limited by the provisions of Sections 115 and 401(h).

The OP&F Board of Trustees is also authorized to establish requirements for contributions to the health care plan by retirees and their eligible dependents or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The Village's contributions to OP&F which was allocated to fund post-employment health care benefits for police were \$975, \$9,852 and \$18,742 for the years ended December 31, 2014, 2013 and 2012, respectively. The full amount has been contributed for police for each year.

**Village of Minerva Park, Ohio**  
 Notes to the Basic Financial Statements  
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**Note 11 – Outstanding Debt**

The Village's long-term debt consists of the following:

Debt Type/Description of Issue	Interest Rate	Original Issue Amount	Year of Issuance	Final Maturity
<u>General Obligation Bonds</u>				
1999 Lake Restoration	4.80%	\$365,000	1999	2015
<u>OPWC Loans</u>				
Waterline Replacement - Phase II	3.00%	244,223	1996	2016
Waterline Replacement - Phase III	3.00%	385,199	2002	2022
Waterline Replacement - Phase IV	3.00%	429,016	2002	2022
Minerva Lake Road Reconstruction	2.00%	83,874	2005	2022
2006 Street Paving	1.00%	93,604	2006	2024
2009 Street Paving	0.00%	64,675	2009	2026
2010 Street Paving	0.00%	30,635	2010	2026

The changes in the Village's long-term debt during 2014 were as follows:

Debt Type/Description of Issue	Balance 12/31/2013	Issued	Retired	Balance 12/31/2014
<u>General Obligation Bonds</u>				
1999 Lake Restoration	\$50,000	\$0	\$25,000	\$25,000
Total General Obligation Bonds	<u>50,000</u>	<u>0</u>	<u>25,000</u>	<u>25,000</u>
<u>OPWC Loans</u>				
Waterline Replacement - Phase II	39,844	0	15,270	24,574
Waterline Replacement - Phase III	191,951	0	20,143	171,808
Waterline Replacement - Phase IV	224,756	0	22,103	202,653
Minerva Lake Road Reconstruction	50,436	0	5,168	45,268
2006 Street Paving	62,364	0	5,391	56,973
2009 Street Paving	53,897	0	4,313	49,584
2010 Street Paving	<u>25,529</u>	<u>0</u>	<u>2,042</u>	<u>23,487</u>
Total OPWC Loans	<u>648,777</u>	<u>0</u>	<u>74,430</u>	<u>574,347</u>
Total Outstanding Debt	<u>\$698,777</u>	<u>\$0</u>	<u>\$99,430</u>	<u>\$599,347</u>

The general obligation bonds are supported by the full faith and credit of The Village of Minerva Park and are payable from unvoted property tax receipts to the extent that other resources are not available to meet annual principal and interest payments. The Lake Restoration Bonds were a voter general obligation issue used for the dredging and beautification of the Village's South Lake. The bonds are being repaid from the Lake Restoration Debt Fund, a nonmajor governmental fund.

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For the Year Ended December 31, 2014

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The Waterline Replacement loans from the Ohio Public Works Commission (OPWC) relate to construction of waterlines within the Village. The OPWC initially approved \$1,125,360 in loans to the Village for four projects. The loans are being repaid from consumption surcharges in semi-annual installments over 20 years from the Water Line Debt Fund.

The Minerva Lake Road Reconstruction loan financed the restoration for Minerva Lake Road. The 2006 Street Paving Project financed the reconstruction of mainly Wildwood and Woodley roads. The 2009 and 2010 street paving loans financed various paving projects within the Village. The loans are repaid over 15 to 17 years from the Street Maintenance Fund.

Principal and interest requirements to retire general obligation bonds and OPWC loans outstanding at December 31, 2014, are as follows:

Year	General Obligation Bonds		OPWC Loans	
	Principal	Interest	Principal	Interest
2015	\$25,000	\$1,200	\$76,326	\$12,941
2016	0	0	70,914	10,990
2017	0	0	63,590	9,351
2018	0	0	65,152	7,788
2019	0	0	66,759	6,181
2020 - 2024	0	0	222,075	8,579
2025 - 2026	0	0	9,531	0
Totals	<u>\$25,000</u>	<u>\$1,200</u>	<u>\$574,347</u>	<u>\$55,830</u>

The Ohio Revised Code provides that net general obligation debt of the Village, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed 5.5 percent of the tax valuation of the Village. The Revised Code further provides that total voted and unvoted net debt of the Village less the same exempt debt shall never exceed an amount equal to 10.5 percent of its tax valuation. The effects of the debt limitations at December 31, 2014, were an overall debt margin of \$3,645,911 and an unvoted debt margin of \$1,909,763.

**Note 12 – Fund Balances**

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Village is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

**Village of Minerva Park, Ohio**  
 Notes to the Basic Financial Statements  
 For the Year Ended December 31, 2014

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Fund Balance Classifications	General	Street Maintenance	State Highway	Waterline Debt	Other Governmental Funds	Total Governmental Funds
<b>Restricted for:</b>						
Street Maintenance and Improvements	\$0	\$90,905	\$87,996	\$0	\$61,051	\$239,952
Police Operations	0	0	0	0	7,168	7,168
Mayor's Court Information Technology	0	0	0	0	7,135	7,135
Veterans Memorial	0	0	0	0	4,013	4,013
Debt Service	0	0	0	0	15,151	15,151
Other	0	0	0	0	6,295	6,295
<b>Total Restricted</b>	<b>0</b>	<b>90,905</b>	<b>87,996</b>	<b>0</b>	<b>100,813</b>	<b>279,714</b>
<b>Committed to:</b>						
EMS Vehicle Acquisition	0	0	0	0	68,119	68,119
Land Improvements	0	0	0	0	24,893	24,893
Waterline Maintenance	0	0	0	0	13,815	13,815
Sewer Line Maintenance	0	0	0	0	47,933	47,933
Debt Service	0	0	0	73,328	0	73,328
Building Improvement	0	0	0	0	738	738
<b>Total Committed</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>73,328</b>	<b>155,498</b>	<b>228,826</b>
<b>Assigned to:</b>						
Encumbrance for Supplies and Services	34,106	0	0	0	0	34,106
<b>Total Assigned</b>	<b>34,106</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>34,106</b>
Unassigned	263,713	0	0	0	0	263,713
<b>Total Fund Cash Balances December 31, 2014</b>	<b>\$297,819</b>	<b>\$90,905</b>	<b>\$87,996</b>	<b>\$73,328</b>	<b>\$256,311</b>	<b>\$806,359</b>

**Note 13 – Public Entity Risk Pool**

The Village participates in the Ohio Municipal League Group Rating Plan (GRP) for worker's compensation. The pool's business and affairs are conducted by a twenty-six member Board of Trustees consisting of fifteen mayors, two council members, three administrators, three finance directors, and three law directors which are voted on by the members for staggered two-year terms. The Executive Director of the Ohio Municipal League serves as the coordinator of the Program. Each year the participants pay an enrollment fee to the program to cover the costs of administering the program.



# Julian & Grube, Inc.

*Serving Ohio Local Governments*

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## **Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards***

Village of Minerva Park  
Franklin County  
2829 Minerva Lake Road  
Columbus, OH 43231

To the Members of Council and Mayor:

We have audited, in accordance with auditing standards generally accepted in the United States of America and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Minerva Park, Franklin County, Ohio, as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the Village of Minerva Park's basic financial statements and have issued our report thereon dated April 26, 2016, wherein we noted the Village of Minerva Park uses a special purpose framework other than generally accepted accounting principles, wherein prior period restatements were required to correctly state the beginning net position for the governmental activities and to properly state the beginning fund balances of the General Fund and other governmental funds as disclosed in Note 3.A.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Village of Minerva Park'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 of Minerva Park's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village of Minerva Park'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 deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings and responses that we consider material weaknesses. We consider findings 2014-001 and 2014-002 to be material weaknesses.

Members of Council and Mayor  
Village of Minerva Park

***Compliance and Other Matters***

As part of reasonably assuring whether the Village of Minerva Park'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 an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings and responses as item 2014-002.

***The Village of Minerva Park's Response to Findings***

The Village of Minerva Park's responses to the findings identified in our audit are described in the accompanying schedule of findings and responses. We did not audit the Village of Minerva Park's responses and, accordingly, we express no opinion on them.

***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 of Minerva Park's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village of Minerva Park's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Julian & Grube, Inc."

Julian & Grube, Inc.  
April 26, 2016

**VILLAGE OF MINERVA PARK  
FRANKLIN COUNTY, OHIO**

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

<b>FINDINGS RELATED TO THE BASIC FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>	
Finding Number	2014-001

Material Weakness – Financial Statement Presentation

Accurate financial reporting is required in order to provide management and citizens with objective and timely information to enable well-informed decisions.

Fund balances for the general fund, other governmental funds, and governmental activities were restated as of December 31, 2013.

The audited financial statements and the Village's records have been adjusted for the misstatements identified during the audit.

In general, an accounting and information system should be designed to provide management with accurate and timely information to enable well-informed business decisions to be made. The present system lacks fiscal oversight and fails to meet the above expectations.

We recommend that the Village consult with their auditors and/or an accounting/consulting firm to consider obtaining an overall review of the financial statements and notes prior to submitting to the auditor as an additional internal control to help ensure accurate financial reporting.

*Client Response:* The Village employed a new Fiscal Officer during fiscal year 2015 who has implemented new policies and daily operating procedures in the Administrative Office. This has helped with accurate financial statement presentation.

Finding Number	2014-002
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Noncompliance/Material Weakness

Ohio Revised Code Section 5705.38(C) requires the following minimum level of budgetary control for Villages: "Appropriation measures shall be classified so as to set forth separately the amounts appropriated for each office, department, and division, and, within each, the amount appropriated for personal services."

The Village's appropriations for the year ended December 31, 2014 were passed at the fund and department level for the General Fund and at the fund level for all other funds but did not appropriately state the amount appropriated for each department and for personal services and other within each department.

By not appropriating at the level of control required by the Ohio Revised Code, the Village risks insufficient oversight over expenditures.

We recommend the Village pass appropriations at the proper legal level of control in accordance with the Ohio Revised Code.

*Client Response:* The Village employed a new Fiscal Officer during fiscal year 2015 who has implemented new policies and daily operating procedures in the Administrative Office. The Fiscal Officer will work to ensure that appropriations are passed at the minimum level of budgetary control.

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# Dave Yost • Auditor of State

VILLAGE OF MINERVA PARK

FRANKLIN 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.

A handwritten signature in cursive script that reads "Susan Babbitt".

CLERK OF THE BUREAU

CERTIFIED  
JUNE 30, 2016