



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

VILLAGE OF MINERAL CITY
TUSCARAWAS COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Village of Mineral City
Tuscarawas County
8728 North High Street
Mineral City, Ohio 44656

To the Village Council:

We have audited the accompanying financial statements of the Village of Mineral City, Tuscarawas County, Ohio, (the Village) as of and for the years ended December 31, 2000 and 1999. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 1, the Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village as of December 31, 2000 and 1999, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

As more fully discussed in Note 9 in the financial statements, Income Tax activity which was previously reported in the Agency Fund has been reclassified to the General Fund commencing January 1, 1999.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2001 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

Village of Mineral City
Tuscarawas County
Report of Independent Accountants
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This report is intended solely for the information and use of management, Village Council and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

January 31, 2001

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**VILLAGE OF MINERAL CITY
TUSCARAWAS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$75,195	\$4,145	\$21,906	\$101,246
Intergovernmental Receipts	36,861	44,623		81,484
Charges for Services	20,000			20,000
Fines, Licenses, and Permits	120			120
Earnings on Investments	1,108	243		1,351
Miscellaneous	8,037			8,037
Total Cash Receipts	<u>141,321</u>	<u>49,011</u>	<u>21,906</u>	<u>212,238</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	11,323	7,354		18,677
Public Health Services	242			242
Leisure Time Activities	4,292			4,292
Basic Utility Services	18,591			18,591
Transportation	3,894	12,683		16,577
General Government	47,422	25,967		73,389
Debt Service:				
Principal Payments			15,273	15,273
Interest Payments			6,821	6,821
Capital Outlay	27,361	5,500		32,861
Total Cash Disbursements	<u>113,125</u>	<u>51,504</u>	<u>22,094</u>	<u>186,723</u>
Total Receipts Over/(Under) Disbursements	<u>28,196</u>	<u>(2,493)</u>	<u>(188)</u>	<u>25,515</u>
Other Financing Receipts/(Disbursements):				
Transfers-In	305			305
Transfers-Out			(305)	(305)
Total Other Financing Receipts/(Disbursements)	<u>305</u>		<u>(305)</u>	
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>28,501</u>	<u>(2,493)</u>	<u>(493)</u>	<u>25,515</u>
Fund Cash Balances, January 1	<u>56,838</u>	<u>30,176</u>	<u>5,947</u>	<u>92,961</u>
Fund Cash Balances, December 31	<u>\$85,339</u>	<u>\$27,683</u>	<u>\$5,454</u>	<u>\$118,476</u>
Reserves for Encumbrances, December 31	<u>\$10,106</u>	<u>\$8,000</u>		<u>\$18,106</u>

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

**VILLAGE OF MINERAL CITY
TUSCARAWAS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$74,780	\$4,042	\$30,401	\$109,223
Intergovernmental Receipts	34,053	57,964		92,017
Charges for Services	10,000	10,245		20,245
Fines, Licenses, and Permits	148			148
Earnings on Investments	1,444	317		1,761
Miscellaneous	9,187			9,187
Total Cash Receipts	<u>129,612</u>	<u>72,568</u>	<u>30,401</u>	<u>232,581</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	15,384	9,024		24,408
Public Health Services	240			240
Leisure Time Activities	2,428			2,428
Transportation	10,000	12,475		22,475
General Government	70,921	22,553		93,474
Debt Service:				
Principal Payments			35,889	35,889
Interest Payments			3,649	3,649
Capital Outlay	24,636	61,289		85,925
Total Cash Disbursements	<u>123,609</u>	<u>105,341</u>	<u>39,538</u>	<u>268,488</u>
Total Receipts Over/(Under) Disbursements	<u>6,003</u>	<u>(32,773)</u>	<u>(9,137)</u>	<u>(35,907)</u>
Other Financing Receipts/(Disbursements):				
Transfers-In			10,000	10,000
Transfers-Out	(10,000)			(10,000)
Other financing uses	(144)			(144)
Total Other Financing Receipts/(Disbursements)	<u>(10,144)</u>		<u>10,000</u>	<u>(144)</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(4,141)</u>	<u>(32,773)</u>	<u>863</u>	<u>(36,051)</u>
Fund Cash Balances, January 1	<u>60,979</u>	<u>62,949</u>	<u>5,084</u>	<u>129,012</u>
Fund Cash Balances, December 31	<u>\$56,838</u>	<u>\$30,176</u>	<u>\$5,947</u>	<u>\$92,961</u>
Reserves for Encumbrances, December 31	<u>\$375</u>	<u>\$527</u>		<u>902</u>

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

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**VILLAGE OF MINERAL CITY
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Mineral City, Tuscarawas County, Ohio, (the Village) is a body corporate and politic 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 publicly-elected six-member Council. The Village provides general governmental services, including park operations (leisure time activities), fire protection and EMS (Emergency Medical Assistance) services. The Village contracts with the Tuscarawas County Sheriff Office to provide security of persons and property.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized 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 prescribed or permitted by the Auditor of State.

C. Cash

The Village maintains all of its cash in an interest bearing checking account.

D. Fund Accounting

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

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. 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 roads and alleys.

**VILLAGE OF MINERAL CITY
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds (Continued)

Other Special Revenue Fund - This fund receives gifts and donations that are to be used for the purchase of equipment for the fire department.

3. Debt Service Funds

The Debt Service Fund is used to account for the accumulation of resources for, and the payment of, bonds and note indebtedness. The Village had the following significant Debt Service Funds:

Other Debt Service Fund - This fund is used to account for the payment of the Village garage construction.

Fire Truck Debt Service Fund - This fund is used to account for receipts from the Fire Levy to be used to pay for the purchase of a new fire truck.

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 level of control, and appropriations may not exceed estimated resources. The Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the Annual Appropriation Measure. Unencumbered appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

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

A summary of 2000 and 1999 budgetary activity appears in Note 3.

**VILLAGE OF MINERAL CITY
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Property, Plant and Equipment

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

G. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the Village.

2. EQUITY IN POOLED CASH

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

	<u>2000</u>	<u>1999</u>
Demand deposits	\$ 118,476	\$ 92,961

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2000 and 1999 follows:

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 172,205	\$ 141,626	\$ (30,579)
Special Revenue	49,849	49,011	(838)
Debt Service	23,540	21,906	(1,634)
Total	\$ 245,594	\$ 212,543	\$ (33,051)

**VILLAGE OF MINERAL CITY
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 200,629	\$ 123,231	\$ 77,398
Special Revenue	59,277	59,504	(227)
Debt Service	29,487	22,398	7,089
Total	\$ 289,393	\$ 205,133	\$ 84,260

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 123,317	\$ 129,612	\$ 6,295
Special Revenue	87,493	72,568	(14,925)
Debt Service	40,000	40,401	401
Total	\$ 250,810	\$ 242,581	\$ (8,229)

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 167,542	\$ 134,128	\$ 33,414
Special Revenue	101,390	105,868	(4,478)
Debt Service	35,084	39,538	(4,454)
Total	\$ 304,016	\$ 279,534	\$ 24,482

As a result of Village Council not authorizing certain appropriation amendments during 2000 and 1999, those amendments are not reflected in the final appropriations.

4. NONCOMPLIANCE

Contrary to Ohio Rev. Code Section 5705.41.(B), the Village had expenditures which exceeded appropriations in the Other Special Revenue Fund and the Other Debt Service Fund at December 31, 2000 and 1999, and there were certain appropriation amendments for both years which were not approved by Council.

Contrary to Ohio Rev. Code Section 5705.41 (D), the Village had expenditures during 2000 and 1999 which were not certified by the Village Clerk until the time of payment.

**VILLAGE OF MINERAL CITY
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

5. PROPERTY TAX

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

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

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

6. DEBT

Debt outstanding at December 31, 2000 was as follows:

	Principal	Interest Rate
General Obligation Bond	\$ 111,630	5.60%

The General Obligation Bond relates to the purchase of two fire trucks. The bond will be repaid in semiannual installments, including interest, over 10 years.

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

Year ending December 31:	General Obligation Bonds
2001	\$ 17,373
2002	17,355
2003	17,336
2004	17,316
2005	17,295
2006-2008	51,746
Total	\$ 138,421

**VILLAGE OF MINERAL CITY
TUSCARAWAS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

Full-time Village employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

The contribution rate is also prescribed by the Ohio Revised Code. For 2000 and 1999, PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries. The Village has paid all contributions required through December 31, 2000.

8. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Errors and omissions
- General liability and casualty
- Public official's liability

9. RESTATED FUND BALANCE

Prior to 1999, the Village accounted for all Village Income Tax receipts within the Agency Fund. However, Village Income Tax Ordinance 657-83 requires all Village Income Tax receipts to be recorded within the General Fund. Accordingly, all Village Income Tax receipts and expenditures have been reclassified to the General Fund commencing January 1, 1999.



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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Village of Mineral City
Tuscarawas County
8728 North High Street
Mineral City, Ohio 44656

To the Village Council:

We have audited the accompanying financial statements of the Village of Mineral City, Tuscarawas County, Ohio, (the Village) as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated January 31, 2001 which included an emphasis of a matter related to the reclassification of Village Income Tax activity from the Agency Fund to the General Fund. We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 2000-31279-001 and 2000-31279-002.

In addition, we noted other instances of noncompliance that we have reported to management of the Village in a separate letter dated January 31, 2001.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated January 31, 2001.

Village of Mineral City
Tuscarawas County
Report of Independent Accountants on Compliance and on Internal Control
Required By *Government Auditing Standards*
Page 2

This report is intended for the information and use of management and Village Council, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

January 31, 2001

**VILLAGE OF MINERAL CITY
TUSCARAWAS COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2000 AND 1999**

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

FINDING NUMBER 2000-31279-001

Noncompliance Citation

Ohio Revised Code Section 5705.41 (B) prohibits a subdivision from making an expenditure unless it has been properly appropriated. Village expenditures exceeded appropriations at the fund level, which is the Village's legal level of budgetary control, in the following instances:

2000			
<u>Fund Type - Fund</u>	<u>Appropriations</u>	<u>Actual Expenditures</u>	<u>Variance</u>
Special Revenue - Other Special Revenue Fund	\$10,500	\$15,682	(\$5,182)
1999			
Special Revenue - Other Special Revenue Fund	50,191	70,889	(20,698)
Debt Service - Other Debt Service Fund	35,084	39,538	(4,454)

During 2000 and 1999, the Village Clerk amended certain appropriations without Village Council's approval as follows:

2000	
<u>Fund</u>	<u>Appropriation Amendment</u>
General Fund	\$13,847
Other Special Revenue Fund	8,000
1999	
General Fund	11,380
Other Special Revenue Fund	23,615
Income Tax Fund	11,903

As a result of Village Council not authorizing the aforementioned appropriation amendments, those amendments are not reflected in the final appropriations in the accompanying financial statements.

FINDING NUMBER 2000-31279-001
(Continued)

The Village Clerk should frequently compare actual expenditures plus encumbrances to appropriations at the legal level of budgetary control to avoid potential overspending. In addition, Village Council should approve all appropriation amendments at the legal level of budgetary control as evidenced in the minutes.

FINDING NUMBER 2000-31279-002

Ohio Revised Code Section 5705.41 (D) states that no order or contract involving the expenditure of money is to be made unless there is attached thereto a certificate of the fiscal officer that the amount required to pay for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.

This section also provides two "exceptions" to the above requirements:

1. Then and Now Certificates - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate appropriated and free of any previous encumbrances, the Village Council may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate.
2. If the amount involved is less than \$1,000, the Village Clerk may authorize payment through a Then and Now Certificate paid without the affirmation of Village Council, if such expenditure is otherwise valid.

During 2000 and 1999, 17% (10 out of 60) of expenditures tested were certified after the obligation date(s). Also, neither of the two exceptions were utilized. We recommend the Village Clerk inform all Village employees of the requirements of Ohio Revised Code Section 5705.41(D). The Village should implement the use of so called Then and Now certificates and Blanket Certificates as further permitted by Ohio Revised Code Section 5705.41. However, such certifications should only be used for reoccurring and reasonably predictable matters or emergency matters which may arise from time to time.



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VILLAGE OF MINERAL CITY

TUSCARAWAS COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 13, 2001**