

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

FINANCIAL STATEMENTS

FOR THE YEAR ENDED
DECEMBER 31, 2017



Dave Yost • Auditor of State

Village Council
Village of Minerva Park
2829 Minerva Lake Rd.
Columbus, Ohio 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, 2017 through December 31, 2017. 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 cursive script that reads "Dave Yost".

Dave Yost
Auditor of State

April 20, 2018

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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, Ohio 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, 2017, and the related notes to the financial statements, which collectively comprise the Village of Minerva Park's basic 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 such 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.

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, 2017, and the respective changes in cash financial position thereof for the year then ended in accordance with the accounting basis described in Note 2.

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 Matters

Supplemental Information

Our audit was conducted to opine on the financial statements taken as a whole.

The budgetary comparison schedules for the General, Water Line Maintenance, and Sewer Maintenance Funds (the "Budgetary Schedules") provide additional analysis and are not a required part of the basic financial statements.

The Budgetary Schedules are management's responsibility and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these schedules to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling these schedules directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and in accordance with auditing standards generally accepted in the United States of America. In our opinion, these schedules are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 15, 2018, 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.
March 15, 2018

Village of Minerva Park, Ohio
Statement of Net Position - Cash Basis
As of December 31, 2017

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$1,786,337
Restricted Assets:	
Cash and Cash Equivalents with Fiscal/Escrow Agents	82,228
<i>Total Assets</i>	\$1,868,565
Net Position	
Restricted for:	
Capital Projects	\$219,350
Debt Service	121,741
Other Purposes	389,340
Unrestricted	1,138,134
<i>Total Net Position</i>	\$1,868,565

See accompanying notes to the basic financial statements

Village of Minerva Park, Ohio
Statement of Activities - Cash Basis
For the Year Ended December 31, 2017

	<u>Program Cash Receipts</u>			<u>Total</u>
	<u>Cash</u> <u>Disbursements</u>	<u>Charges</u> <u>for Services</u> <u>and Sales</u>	<u>Operating</u> <u>Grants and</u> <u>Contributions</u>	
Governmental Activities				
Current:				
Security of Persons and Property	\$857,294	\$24,558	\$2,294	(\$830,442)
Public Health Services	9,311	0	0	(9,311)
Leisure Time Activities	87,117	164,909	345	78,137
Community Environment	184,473	56,558	875	(127,040)
Basic Utility Services	87,812	675,924	0	588,112
Transportation	14,306	0	79,889	65,583
General Government	437,122	31,972	0	(405,150)
Capital Outlay	155,091	0	0	(155,091)
Debt Service:				
Principal Retirement	85,590	0	0	(85,590)
Interest and Fiscal Charges	11,582	0	0	(11,582)
Other	87	0	0	(87)
<i>Total Primary Government</i>	<u>\$1,929,785</u>	<u>\$953,921</u>	<u>\$83,403</u>	<u>(892,461)</u>
General Receipts:				
Property Taxes				440,809
Income Taxes				954,799
Grants and Entitlements not Restricted to Specific Programs				111,017
Sale of Capital Assets				2,500
Cable Franchise Fees				11,766
Earnings on Investments				8,245
Miscellaneous				<u>16,575</u>
Total General Receipts				<u>1,545,711</u>
Change in Net Position				653,250
<i>Net Position Beginning of Year</i>				<u>1,215,315</u>
<i>Net Position End of Year</i>				<u>\$1,868,565</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, 2017

	<u>General</u>	<u>Water Line Maintenance</u>	<u>Sewer Maintenance</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets					
Equity in Pooled Cash and Cash Equivalents	\$634,410	\$234,032	\$270,249	\$647,646	\$1,786,337
Restricted Assets:					
Cash and Cash Equivalents with Fiscal/Escrow Agents	<u>0</u>	<u>0</u>	<u>0</u>	<u>82,228</u>	<u>82,228</u>
<i>Total Assets</i>	<u><u>\$634,410</u></u>	<u><u>\$234,032</u></u>	<u><u>\$270,249</u></u>	<u><u>\$729,874</u></u>	<u><u>\$1,868,565</u></u>
Fund Balances					
Nonspendable	\$557	\$0	\$0	\$0	\$557
Restricted	0	0	0	389,260	389,260
Committed	0	234,032	270,249	202,241	706,522
Assigned	143,136	0	0	138,373	281,509
Unassigned (Deficit)	<u>490,717</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>490,717</u>
<i>Total Fund Balances</i>	<u><u>\$634,410</u></u>	<u><u>\$234,032</u></u>	<u><u>\$270,249</u></u>	<u><u>\$729,874</u></u>	<u><u>\$1,868,565</u></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, 2017

	General	Water Line Maintenance	Sewer Maintenance	Other Governmental Funds	Total Governmental Funds
<u>Receipts</u>					
Municipal Income Taxes	\$930,799	\$0	\$0	\$24,000	\$954,799
Property Taxes	440,809	0	0	0	440,809
Intergovernmental	113,311	0	0	79,889	193,200
Charges for Services	128,967	234,494	399,429	102,501	865,391
Fines, Licenses and Permits	97,319	0	0	2,977	100,296
Earnings on Investments	6,968	0	0	1,277	8,245
Miscellaneous	16,363	0	0	875	17,238
<i>Total Receipts</i>	<u>1,734,536</u>	<u>234,494</u>	<u>399,429</u>	<u>211,519</u>	<u>2,579,978</u>
<u>Disbursements</u>					
Current:					
Security of Persons and Property	856,384	0	0	910	857,294
Public Health Services	9,311	0	0	0	9,311
Leisure Time Activities	87,117	0	0	0	87,117
Community Environment	184,473	0	0	0	184,473
Basic Utility Services	5,220	6,242	70,174	6,176	87,812
Transportation	0	0	0	14,306	14,306
General Government	435,193	0	0	1,929	437,122
Capital Outlay	1,175	0	88,257	65,659	155,091
Debt Service:					
Principal Retirement	0	0	0	85,590	85,590
Interest and Fiscal Charges	0	0	0	11,582	11,582
<i>Total Disbursements</i>	<u>1,578,873</u>	<u>6,242</u>	<u>158,431</u>	<u>186,152</u>	<u>1,929,698</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>155,663</u>	<u>228,252</u>	<u>240,998</u>	<u>25,367</u>	<u>650,280</u>
<u>Other Financing Sources (Uses)</u>					
Sale of Capital Assets	2,500	0	0	0	2,500
Other Financing Sources	557	0	0	0	557
Other Financing Uses	(87)	0	0	0	(87)
<i>Total Other Financing Sources (Uses)</i>	<u>2,970</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>2,970</u>
<i>Net Change in Fund Balances</i>	158,633	228,252	240,998	25,367	653,250
<i>Fund Balances Beginning of Year</i>	<u>475,777</u>	<u>5,780</u>	<u>29,251</u>	<u>704,507</u>	<u>1,215,315</u>
<i>Fund Balances End of Year</i>	<u>\$634,410</u>	<u>\$234,032</u>	<u>\$270,249</u>	<u>\$729,874</u>	<u>\$1,868,565</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, 2017

	<u>Agency</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$63,485</u>
<i>Total Assets</i>	<u><u>\$63,485</u></u>
Net Position	
Held on Behalf of Deposits:	5,000
Held on Behalf of Law Enforcement	3,693
Held on Behalf of Sewer Taps Due Columbus:	<u>54,792</u>
<i>Total Net Position</i>	<u><u>\$63,485</u></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, 2017

Note 1 – Reporting Entity

The Village of Minerva Park (the Village), Franklin County, 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 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 protection, parks and recreation, street maintenance and repairs, water, sewer and storm sewer maintenance, and planning and zoning.

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 financial 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, accessible to the Village, and significant in amount to the Village. Based on these criteria, the Village has no component units.

Public Entity Risk Pools and Related Organizations

The Village participates in a public entity risk pools as presented in Note 7.

The Minerva Park Community Association (MPCA) performs activities and publishes a newsletter 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, 2017

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 statement presents 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 balance 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 and enterprise 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, 2017

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.

Water Line Maintenance The water line maintenance fund accounts for and reports charges for services that support repairs and maintenance of the Village's water lines.

Sewer Maintenance The sewer maintenance fund accounts for and reports charges for services that support repairs and maintenance of the Village's sanitary sewer lines.

The other governmental funds of the Village account for and report grants and other resources, whose use is 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, law enforcement seizures, and sewer tap fees collected but not yet remitted to the City of Columbus.

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.

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 ordinance, 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 ordinance is 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, department, and major object level for all funds.

Village of Minerva Park, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

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 certificated of estimated resources in effect at the time final appropriations were passed by Village Council.

The appropriations ordinance 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 final appropriation amounts 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 the County Engineer 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 from 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 2017, the Village invested in nonnegotiable certificates of deposit and STAR Ohio. Investments are reported at cost, except for STAR Ohio. STAR Ohio (the State Treasury Asset Reserve of 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 has adopted Governmental Accounting Standards Board (GASB), Statement No. 79, “Certain External Investment Pools and Pool Participants.” The Village measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides an NAV per share that approximates fair value.

For 2017, there were no limitations or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$50 million, requiring the excess amount to be transacted the following business day(s), but only to the \$50 million limit. All accounts of the participant will be combined for these purposes.

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 2017 was \$6,968 which includes \$3,866 assigned from other Village funds.

Village of Minerva Park, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

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. Unclaimed monies that are required to be held for five years before they may be utilized by the Village 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.

Interfund Receivables/Payables

The Village reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Village's cash basis of accounting.

Vacation leave accrues on a pro-rated basis each pay period at varying rates depending on years in public service. New employees receive 40 hours of his or her vacation leave when hired and earn the remaining eligible hours prorated over 26 pays. Employees with less than one year of service with the Village are not entitled to payment of any accrued unused vacation leave upon termination or separation. Sick leave is accrued at a rate of 4.6 hours per 80 hours of service without limit.

Full-time employees may convert vacation and sick leave accumulated hours to a cash payment in January each year. The vacation and sick leave hours subject to conversion are the hours earned for the pay periods ended from January through December of the prior calendar year. Sick leave hours converted to cash are reduced at varying rates depending on usage and a minimum amount of hours are required to be maintained. Vacation hours converted to cash are limited to 50 percent of the amount accrued during the prior calendar year not to exceed any remaining balance. Sick leave and vacation hours converted to cash are not pensionable compensation subject to pension contributions.

Village of Minerva Park, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

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 8 and 9, the employer contributions include portions for pension benefits and for postretirement 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 an expense is incurred for purposes for which both restricted and unrestricted resources are available.

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.

Village of Minerva Park, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

Committed The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution, as both are equally binding) 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, as both are equally binding) 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 the Village Council or a Village official delegated that authority by resolution or by State Statute. State Statute authorizes the Village Auditor to assign fund balance for purchases on order provided such amounts have been lawfully appropriated.

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.

Internal Activity

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 – Budgetary Basis of Accounting

The budgetary basis 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 and the water line maintenance and the sewer maintenance funds are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference(s) 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 \$143,136 for the general fund and \$34,343 for the sewer maintenance fund.

Village of Minerva Park, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

Note 4 – Deposits and Investments

State statutes classify monies held by the Village into three categories.

Active deposits are public monies 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 obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, and Government National Mortgage Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. No-load money market mutual funds consisting exclusively of obligations described in (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;
4. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
5. Bonds and other obligations of the State of Ohio, and with certain limitations bonds and other obligations of political subdivisions of the State of Ohio;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed 40 percent of the interim monies available for investment at any one time if training requirements have been met; and

Village of Minerva Park, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

8. Written repurchase agreements in the securities described in (1) or (2) 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.

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, \$4,172 of the Village's bank balance of \$378,568 was exposed to custodial credit risk because those deposits were uninsured and uncollateralized. Although all statutory requirements for the deposit of money had been followed, noncompliance with Federal requirements could potentially subject the Village to a successful claim by the Federal Deposit Insurance Corporation.

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 the Village and deposited with a qualified trustee by the financial institution as security for repayment whose market value at all times shall be at least one hundred five percent of the deposits being secured; or

Participation in the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution. OPCS requires the total market value of the securities pledged to be 102 percent of the deposits being secured or a rate set by the Treasurer of State.

Investments

The fair value of these investments is not materially different than measurement value. As of December 31, 2017, the Village had \$849,918 invested in STAR Ohio and \$707,000 in nonnegotiable certificates of deposit.

Credit Risk STAR Ohio carries a rating of AAAM 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.

Village of Minerva Park, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

The Village has no investment policy dealing with investment custodial risk beyond the requirements in ORC 135.14(M)(2) which states, "Payment for investments shall be made only upon the delivery of securities representing such investments to the treasurer, investing authority, or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the treasurer, governing board, or qualified trustee."

Concentration of Credit Risk The Village places no limit on the amount it may invest in any one issuer. As of December 31, 2017, 55% and 45% of total investments were in STAR Ohio and nonnegotiable certificates of deposit, respectively.

Note 5 – Taxes

Property Taxes

Property taxes include amounts levied against all real and public utility property located in the Village. Property tax revenue received during 2017 for real and public utility property taxes represents collections of 2016 taxes.

2017 real property taxes are levied after October 1, 2017, on the assessed value as of January 1, 2017, the lien date. Assessed values are established by State law at 35 percent of appraised market value. 2017 real property taxes are collected in and intended to finance 2018.

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. 2017 public utility property taxes which became a lien December 31, 2016, are levied after October 1, 2017, and are collected in 2018 with real property taxes.

The full tax rate for all Village operations for the year ended December 31, 2017, was \$15.10 per \$1,000 of assessed value. The assessed values of real property and public utility tangible property upon which 2017 property tax receipts were based are as follows:

Real Property	\$33,271,740
Public Utility Personal Property	<u>564,480</u>
Total	<u><u>\$33,836,220</u></u>

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.

Village of Minerva Park, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

Income Taxes

The Village levies a two percent income tax on substantially all income earned in the Village. In addition, Village residents employed in municipalities must pay two 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.

By ordinance, the Village allocates a portion of the income tax to debt. The remaining income tax receipts are to be used to pay the cost of administering the tax, general fund operations, capital improvements, debt service and other governmental functions when needed, as determined by Council. In 2017, the receipts were allocated to the general fund and EMS vehicle fund, an other governmental fund.

Note 6 – Interfund Balances

The Village did not make any interfund transfers or advances during 2017. However, two advances made during 2016 remain outstanding at December 31, 2017. The general fund advanced \$25,000 and \$50,000 to the Minerva Lake Road Construction fund and the Dam and Lake Improvement fund, respectively, both of which are other governmental funds.

The Village intends to convert monies already spent on the Minerva Lake Road project to a transfer and return the remaining unspent funds to the general fund, as this project was determined to not be needed at this time.

The Village is still exploring options for lake improvements, and will make the decision whether to return this advance to the general fund during the first half of 2018.

Note 7 – Risk Management

The Village is exposed to various risks of property and casualty losses, and injuries to employees.

The Village insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Village belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. York Insurance Services Group, Inc. (York) functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by York. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2016 (latest information available), PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

Village of Minerva Park, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

The aforementioned casualty and property reinsurance agreement does not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Financial Position

PEP's financial statements (audited by other auditor's) conform with generally accepted accounting principles, and reported the following assets, liabilities and net position at December 31, 2016 (latest information available).

	<u>2016</u>
Assets	\$42,182,281
Liabilities	(13,396,700)
Net Position	<u>\$28,785,581</u>

At December 31, 2016 the liabilities above include approximately 12.0 million of estimated incurred claims payable. The assets above also include approximately \$11.5 million of unpaid claims to be billed. The Pool's membership increased to 520 members in 2016. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2016, the Village's share of these unpaid claims collectible in future years is approximately \$14,000.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

<u>2017 Contributions to PEP</u> \$22,736
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After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to PEP. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

Note 8 – Defined Benefit Pension Plans

Plan Description – Ohio Public Employees Retirement System (OPERS)

Plan Description – Village employees, other than full-time police, participate 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 and the combined plan is a cost-sharing, multiple-employer defined benefit pension plan with defined contribution features. While members (e.g. Village employees) may elect the member-directed plan and the combined plan, substantially all employee members are in OPERS' traditional plan; therefore, the following disclosure focuses on the traditional pension plan.

Village of Minerva Park, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

OPERS provides retirement, disability, survivor and death benefits, and annual cost of living adjustments to members of the traditional plan. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about OPERS' fiduciary net position that may be obtained by visiting <https://www.opers.org/financial/reports.shtml>, by writing to the Ohio Public Employees Retirement System, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling 800-222-7377.

Senate Bill (SB) 343 was enacted into law with an effective date of January 7, 2013. In the legislation, members were categorized into three groups with varying provisions of the law applicable to each group. The following table provides age and service requirements for retirement and the retirement formula applied to final average salary (FAS) for the three member groups under the traditional plan as per the reduced benefits adopted by SB 343 (see OPERS CAFR referenced above for additional information, including requirements for reduced and unreduced benefits):

Group A Eligible to retire prior to January 7, 2013 or five years after January 7, 2013	Group B 20 years of service credit prior to January 7, 2013 or eligible to retire ten years after January 7, 2013	Group C Members not in other Groups and members hired on or after January 7, 2013
State and Local	State and Local	State and Local
Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 60 with 60 months of service credit or Age 55 with 25 years of service credit	Age and Service Requirements: Age 57 with 25 years of service credit or Age 62 with 5 years of service credit
Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 30 years and 2.5% for service years in excess of 30	Formula: 2.2% of FAS multiplied by years of service for the first 35 years and 2.5% for service years in excess of 35

Final average Salary (FAS) represents the average of the three highest years of earnings over a member's career for Groups A and B. Group C is based on the average of the five highest years of earnings over a member's career.

Members who retire before meeting the age and years of service credit requirement for unreduced benefits receive a percentage reduction in the benefit amount.

When a benefit recipient has received benefits for 12 months, an annual cost of living adjustment (COLA) is provided. This COLA is calculated on the base retirement benefit at the date of retirement and is not compounded. For those retiring prior to January 7, 2013, the COLA will continue to be a 3 percent simple annual COLA. For those retiring subsequent to January 7, 2013, beginning in calendar year 2019, the COLA will be based on the average percentage increase in the Consumer Price Index, capped at 3 percent.

Village of Minerva Park, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

Funding Policy – The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	State and Local
2017 Statutory Maximum Contribution Rates	
Employer	14.0 %
Employee	10.0 %
 2017 Actual Contribution Rates	
Employer:	
Pension	13.0 %
Post-employment Health Care Benefits	1.0
Total Employer	14.0 %
Employee	10.0 %

Employer contribution rates are actuarially determined and are expressed as a percentage of covered payroll.

The Village’s contractually required contribution was \$82,035 for year 2017, which is for the employee and employer portion.

Plan Description – Ohio Police & Fire Pension Fund (OPF)

Plan Description – Village full-time police participate in Ohio Police and Fire Pension Fund (OPF), a cost-sharing, multiple-employer defined benefit pension plan administered by OPF. OPF 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. OPF issues a publicly available financial report that includes financial information and required supplementary information and detailed information about OPF fiduciary net position. The report that may be obtained by visiting the OPF website at www.op-f.org or by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Upon attaining a qualifying age with sufficient years of service, a member of OPF may retire and receive a lifetime monthly pension. OPF offers four types of service retirement: normal, service commuted, age/service commuted and actuarially reduced. Each type has different eligibility guidelines and is calculated using the member’s average annual salary. The following discussion of the pension formula relates to normal service retirement.

For members hired after July 1, 2013, the minimum retirement age is 52 for normal service retirement with at least 25 years of service credit. For members hired on or before after July 1, 2013, the minimum retirement age is 48 for normal service retirement with at least 25 years of service credit.

Village of Minerva Park, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

The annual pension benefit for normal service retirement is equal to a percentage of the allowable average annual salary. The percentage equals 2.5 percent for each of the first 20 years of service credit, 2.0 percent for each of the next five years of service credit and 1.5 percent for each year of service credit in excess of 25 years. The maximum pension of 72 percent of the allowable average annual salary is paid after 33 years of service credit (see OPF CAFR referenced above for additional information, including requirements for Deferred Retirement Option Plan provisions and reduced and unreduced benefits):

Under normal service retirement, retired members who are at least 55 years old and have been receiving OPF benefits for at least one year may be eligible for a cost-of-living allowance adjustment. The age 55 provision for receiving a COLA does not apply to those who are receiving a permanent and total disability benefit, surviving beneficiaries, and statutory survivors.

Members retiring under normal service retirement, with less than 15 years of service credit on July 1, 2013, and members whose pension benefit became effective on or after July 1, 2013, will receive a COLA equal to a percentage of the member's base pension benefit where the percentage is the lesser of three percent or the percentage increase in the consumer price index, if any, over the 12 month period that ends on the thirtieth day of September of the immediately preceding year, rounded to the nearest one-tenth of one percent.

Funding Policy – The Ohio Revised Code (ORC) provides statutory authority for member and employer contributions as follows:

	Police
2017 Statutory Maximum Contribution Rates	
Employer	19.50 %
Employee	12.25 %
 2017 Actual Contribution Rates	
Employer:	
Pension	19.00 %
Post-employment Health Care Benefits	0.50
Total Employer	19.50 %
 Employee	 12.25 %

Employer contribution rates are expressed as a percentage of covered payroll. The Village's contractually required contribution to OPF was \$122,887 for 2017, which is for the employee and employer portion.

Social Security

One of the Village's employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participant.

The employee contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of the participant's gross salary. The Village has paid all contributions required through December 31, 2017.

Village of Minerva Park, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

Note 9 – 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.

In March 2016, OPERS received two favorable rulings from the Internal Revenue Service (IRS) allowing OPERS to consolidate all health care assets into the OPERS 115 Health Care Trust. Transition to the new health care trust structure was completed July 1, 2016. OPERS maintains a cost-sharing, multiple-employer defined benefit post-employment health care trust, which funds multiple health care plans including medical coverage, prescription drug coverage and deposits to a Health Reimbursement Arrangement to qualifying benefit recipients of both the Traditional Pension and the Combined plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including OPERS sponsored health care coverage. OPERS funds a Retiree Medical Account (RMA) for participants in the Member-Directed Plan. At retirement or refund, participants can be reimbursed for qualified medical expenses from their vested RMA balance.

In order to qualify for postemployment health care coverage, age and service retirees under the traditional pension and combined plans must have twenty or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45. See OPERS' CAFR referenced below for additional information.

The Ohio Revised Code permits, but does not require OPERS to provide health care to its eligible benefit recipients. Authority to establish and amend health care coverage is provided to the Board in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report. Interested parties may obtain a copy by visiting <https://www.opers.org/financial/reports.shtml>, by writing to OPERS, 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 the statutory authority requiring public employers to fund postemployment health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside to fund OPERS health care plans.

Employer contribution rates are expressed as a percentage of the earnable salary of active members. In 2017, state and local employers contributed at a rate of 14.0 percent of earnable salary. This is the maximum employer contribution rates permitted by the Ohio Revised Code. Active member contributions do not fund health care.

Village of Minerva Park, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

Each year, the OPERS Board determines the portion of the employer contribution rate that will be set aside to fund health care plans. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 2.0 percent during calendar year 2016, and was 1.0 percent during calendar year 2017. The OPERS Board is also authorized to establish rules for the retiree or their surviving beneficiaries to pay a portion of the health care provided. Payment amounts vary depending on the number of covered dependents and the coverage selected. The employer contribution as a percentage of covered payroll deposited into the RMA for participants in the Member-Directed Plan for 2017 was 4.0 percent.

Substantially all of the Village's contribution allocated to fund postemployment health care benefits relates to the cost-sharing, multiple employer trusts. The corresponding contribution for the years ended December 31, 2017, 2016, and 2015 was \$3,418, \$6,124, and \$4,999, respectively. The full amount has been contributed for all three years.

Ohio Police and Fire Pension Fund

Plan Description – The Village contributes to the Ohio Police and Fire Pension Fund (OPF) sponsored healthcare program, a cost-sharing, multiple-employer defined post-employment healthcare plan administered by OPF. OPF 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.

OPF provides access to postretirement health care coverage for any person who receives or is eligible to receive a monthly service, disability, or statutory survivor benefit, or is a spouse or eligible dependent child of such person. The health care coverage provided by OPF 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, OPF to provide OPEB benefits. Authority for the OPF 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.

OPF 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 OPF website at 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 OPF defined benefit pension plan. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently 19.5 percent and 24 percent of covered payroll for police and fire employer units, respectively. The Ohio Revised Code states that the employer contribution may not exceed 19.5 percent of covered payroll for police employer units and 24 percent of covered payroll for fire employer units. Active members do not make contributions to the OPEB Plan.

OPF 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 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 OPF Board of Trustees.

Village of Minerva Park, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

The Board of Trustees is authorized to allocate a portion of the total employer contributions made into the pension plan to the Section 115 trust and the Section 401(h) account as the employer contribution for retiree health care benefits. For 2017, the portion of employer contributions allocated to health care was 0.5 percent of covered payroll. The amount of employer contributions 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 OPF 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 contribution to OPF for the years ended December 31, 2017, 2016, and 2015 were \$75,474, \$57,595 and \$50,151, respectively, of which \$1,935, \$1,583, and \$1,320, respectively, was allocated to the healthcare plan. The full amount has been contributed for all three years.

Note 10 – Outstanding Debt

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

Debt Issue	Interest Rate	Original Issue Amount	Date of Maturity
<u>General Obligation Bonds</u>			
EMS Vehicle Acquisition	2.50%	\$110,000	2020
<u>OPWC Loans</u>			
Waterline Replacement - Phase III	3.00%	385,199	2022
Waterline Replacement - Phase IV	3.00%	429,016	2022
Minerva Lake Road Reconstruction	2.00%	83,874	2022
2006 Street Paving	1.00%	93,604	2024
2009 Street Paving	0.00%	64,675	2026
2010 Street Paving	0.00%	30,635	2026

The changes in the Village's long-term debt during 2017 were as follows:

	Outstanding 12/31/16	Additions	Deletions	Outstanding 12/31/17	Due in One Year
<u>General Obligation Bonds</u>					
EMS Vehicle Acquisition	\$88,000	\$0	\$22,000	\$66,000	\$22,000
<u>OPWC Loans</u>					
Waterline Replacement - Phase III	129,676	0	22,026	107,650	22,692
Waterline Replacement - Phase IV	156,422	0	24,169	132,253	24,899
Minerva Lake Road Reconstruction	34,618	0	5,487	29,131	5,597
2006 Street Paving	46,028	0	5,554	40,474	5,610
2009 Street Paving	40,960	0	4,311	36,649	4,312
2010 Street Paving	19,403	0	2,043	17,360	2,042
Total OPWC Loans	<u>427,107</u>	<u>0</u>	<u>63,590</u>	<u>363,517</u>	<u>65,152</u>
Total Outstanding Debt	<u>\$515,107</u>	<u>\$0</u>	<u>\$85,590</u>	<u>\$429,517</u>	<u>\$87,152</u>

Village of Minerva Park, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

All 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 EMS vehicle acquisition bonds legislation pledges income tax revenues for the payment of principal and interest. The general obligation bonds were originally issued in the amount of \$110,000 to be paid from the EMS Vehicle Acquisition Fund, an other governmental fund.

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 Waterline Debt Fund, an other governmental 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, an other governmental fund.

Principal and interest requirements to retire general obligation bonds and OPWC loans outstanding at December 31, 2017, were as follows:

Year	General Obligation Bonds		OPWC Loans	
	Principal	Interest	Principal	Interest
2018	\$22,000	\$1,673	\$65,152	\$7,788
2019	22,000	1,115	66,759	6,181
2020	22,000	559	68,413	4,527
2021	0	0	70,114	2,826
2022	0	0	58,988	1,076
2023-2026	0	0	34,091	149
Total	\$66,000	\$3,347	\$363,517	\$22,547

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 amount equal to 10.5 percent of its tax valuation. The effects of the debt limitations at December 31, 2017, were an overall debt margin of \$3,510,752 and an unvoted debt margin of \$1,818,941.

Note 11 – Construction and Contractual Commitments

At December 31, 2017, the Village had the following significant contractual commitment related to sewer repair work in the Jordan Road/Park Lane area:

Vendor	Original Contract	Paid to Date	Amount Remaining
Insight Pipe Contracting, LLC	\$108,565	\$88,257	\$20,308

Village of Minerva Park, Ohio
Notes to the Basic Financial Statements
For the Year Ended December 31, 2017

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:

Fund Balances	General Fund	Water Line Maintenance Fund	Sewer Maintenance Fund	Other Governmental Funds	Total
Nonspendable					
Unclaimed Monies	\$557	\$0	\$0	\$0	\$557
<i>Total Nonspendable</i>	<u>557</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>557</u>
Restricted for					
Road Improvements	0	0	0	356,285	356,285
Police Operations	0	0	0	661	661
Drug and Alcohol Education	0	0	0	745	745
EMS Vehicle Acquisition	0	0	0	477	477
Mayor's Court Computerization	0	0	0	5,623	5,623
Veterans' Memorial	0	0	0	1,430	1,430
Land Maintenance	0	0	0	24,039	24,039
<i>Total Restricted</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>389,260</u>	<u>389,260</u>
Committed to					
EMS Vehicle Acquisition	0	0	0	40,000	40,000
Waterline Maintenance	0	234,032	0	0	234,032
Sewer Maintenance	0	0	270,249	0	270,249
Debt Service	0	0	0	121,741	121,741
Parklands	0	0	0	40,500	40,500
<i>Total Committed</i>	<u>0</u>	<u>234,032</u>	<u>270,249</u>	<u>202,241</u>	<u>706,522</u>
Assigned to					
Dam and Lake Improvements	0	0	0	38,137	38,137
Road Improvements	0	0	0	5,893	5,893
Village Facilities	0	0	0	94,343	94,343
Encumbrances for Supplies and Services	143,136	0	0	0	143,136
<i>Total Assigned</i>	<u>143,136</u>	<u>0</u>	<u>0</u>	<u>138,373</u>	<u>281,509</u>
Unassigned (Deficits)	<u>490,717</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>490,717</u>
<i>Total Fund Balances</i>	<u>\$634,410</u>	<u>\$234,032</u>	<u>\$270,249</u>	<u>\$729,874</u>	<u>\$1,868,565</u>

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SUPPLEMENTAL INFORMATION

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, 2017

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
<u>Receipts</u>				
Municipal Income Taxes	\$981,000	\$981,000	\$930,799	(\$50,201)
Property Taxes	430,335	437,621	440,809	3,188
Intergovernmental	118,599	112,213	113,311	1,098
Charges for Services	100,000	100,000	128,967	28,967
Fines, Licenses and Permits	63,000	63,000	97,319	34,319
Earnings on Investments	2,500	2,500	6,968	4,468
Miscellaneous	2,000	8,000	16,363	8,363
<i>Total Receipts</i>	1,697,434	1,704,334	1,734,536	30,202
<u>Disbursements</u>				
Current:				
Security of Persons and Property	963,367	976,167	881,428	94,739
Public Health Services	13,200	12,900	9,311	3,589
Leisure Time Activities	94,704	113,704	89,895	23,809
Community Environment	169,244	260,144	240,790	19,354
Basic Utility Services	40,000	40,000	13,880	26,120
General Government	553,820	562,020	485,530	76,490
Capital Outlay	31,500	31,500	1,175	30,325
<i>Total Disbursements</i>	1,865,835	1,996,435	1,722,009	274,426
<i>Excess of Receipts Over (Under) Disbursements</i>	(168,401)	(292,101)	12,527	304,628
<u>Other Financing Sources (Uses)</u>				
Sale of Capital Assets	0	0	2,500	2,500
Transfers Out	(40,000)	0	0	0
Other Financing Sources	0	0	557	557
Other Financing Uses	0	0	(87)	(87)
<i>Total Other Financing Sources (Uses)</i>	(40,000)	0	2,970	2,970
<i>Net Change in Fund Balance</i>	(208,401)	(292,101)	15,497	307,598
Unencumbered Fund Balance Beginning of Year	401,242	401,242	401,242	0
Prior Year Encumbrances Appropriated	74,535	74,535	74,535	0
<i>Unencumbered Fund Balance End of Year</i>	\$267,376	\$183,676	\$491,274	\$307,598

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
Water Line Maintenance Fund
For the Year Ended December 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>Receipts</u>				
Charges for Services	\$22,500	\$72,500	\$234,494	\$161,994
Total Receipts	<u>22,500</u>	<u>72,500</u>	<u>234,494</u>	<u>161,994</u>
<u>Disbursements</u>				
Current:				
Basic Utility Services	10,600	15,600	6,242	9,358
Total Disbursements	<u>10,600</u>	<u>15,600</u>	<u>6,242</u>	<u>9,358</u>
Net Change in Fund Balance	11,900	56,900	228,252	171,352
Unencumbered Fund Balance Beginning of Year	5,180	5,180	5,180	0
Prior Year Encumbrances Appropriated	<u>600</u>	<u>600</u>	<u>600</u>	<u>0</u>
Unencumbered Fund Balance End of Year	<u><u>\$17,680</u></u>	<u><u>\$62,680</u></u>	<u><u>\$234,032</u></u>	<u><u>\$171,352</u></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
Sewer Maintenance Fund
For the Year Ended December 31, 2017

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<u>Receipts</u>				
Charges for Services	\$22,500	\$197,500	\$399,429	\$201,929
<i>Total Receipts</i>	22,500	197,500	399,429	201,929
<u>Disbursements</u>				
Current:				
Basic Utility Services	25,305	195,605	192,774	2,831
<i>Total Disbursements</i>	25,305	195,605	192,774	2,831
<i>Net Change in Fund Balance</i>	(2,805)	1,895	206,655	204,760
Unencumbered Fund Balance Beginning of Year	28,946	28,946	28,946	0
Prior Year Encumbrances Appropriated	305	305	305	\$0
<i>Unencumbered Fund Balance End of Year</i>	<u>\$26,446</u>	<u>\$31,146</u>	<u>\$235,906</u>	<u>\$204,760</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



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 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, Ohio 43231

To the Members of Council and Mayor:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the 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, 2017, 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 date March 15, 2018, wherein we noted the Village of Minerva Park uses a special purpose framework other than generally accepted accounting principles.

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 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 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 internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results and does not opine on the effectiveness of the Village 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 report is not suitable for any other purpose.



Julian & Grube, Inc.
March 15, 2018



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.

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
MAY 10, 2018