



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

VILLAGE OF MINERVA

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STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

111 Second Street, NW
Fourth Floor
Canton, Ohio 44702
Telephone 330-438-0617
800-443-9272
Facsimile 330-471-0001
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

Village of Minerva
Stark County
209 North Market Street
Minerva, Ohio 44657

To the Village Council:

We have audited the accompanying financial statements of the Village of Minerva, Stark County, Ohio, (the Village) as of and for the years ended December 31, 1999 and 1998. 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 of Minerva, Stark County, Ohio, as of December 31, 1999 and 1998, 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 2 in the financial statements, Mayor's Court activity which was previously reported in the General Fund has been reclassified to an Agency Fund for 1999 and 1998.

In accordance with *Government Auditing Standards*, we have also issued our report dated August 21, 2000 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.

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.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is fluid and cursive, with a large loop at the end.

Jim Petro
Auditor of State

August 21, 2000

**VILLAGE OF MINERVA
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>Capital Projects</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$131,430	\$1,604,452		\$1,735,882
Intergovernmental Receipts	229,663	150,775	\$208,050	588,488
Charges for Services	43,922	27,606		71,528
Fines, Licenses, and Permits	75,603	9,545		85,148
Earnings on Investments	174,174	18,369		192,543
Miscellaneous	21,178	3,134	2,375	26,687
Total Cash Receipts	<u>675,970</u>	<u>1,813,881</u>	<u>210,425</u>	<u>2,700,276</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	758,661			758,661
Public Health Services	15,534	129,179		144,713
Leisure Time Activities		50,653		50,653
Community Environment	3,065			3,065
Basic Utility Services	10,225			10,225
Transportation		237,459		237,459
General Government	228,475	47,111		275,586
Debt Service:				
Principal Payments			24,000	24,000
Interest Payments			5,733	5,733
Capital Outlay	112,549	114,320	1,403,396	1,630,265
Total Cash Disbursements	<u>1,128,509</u>	<u>578,722</u>	<u>1,433,129</u>	<u>3,140,360</u>
Total Receipts Over/(Under) Disbursements	<u>(452,539)</u>	<u>1,235,159</u>	<u>(1,222,704)</u>	<u>(440,084)</u>
Other Financing Receipts/(Disbursements):				
Proceeds from Line of Credit			530,597	530,597
Transfers-In	686,106	240,891	532,908	1,459,905
Advances-In	2,784		2,784	5,568
Transfers-Out	(184,881)	(1,425,200)		(1,610,081)
Advances-Out	(2,784)		(2,784)	(5,568)
Total Other Financing Receipts/(Disbursements)	<u>501,225</u>	<u>(1,184,309)</u>	<u>1,063,505</u>	<u>380,421</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	48,686	50,850	(159,199)	(59,663)
Fund Cash Balances, January 1	840,831	598,760	1,432,350	2,871,941
Fund Cash Balances, December 31	<u>\$889,517</u>	<u>\$649,610</u>	<u>\$1,273,151</u>	<u>\$2,812,278</u>
Reserves for Encumbrances, December 31	<u>\$53,930</u>	<u>\$16,418</u>	<u>\$159,472</u>	<u>\$229,820</u>

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

**VILLAGE OF MINERVA
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN FUND CASH BALANCES
 ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 1999**

	Proprietary Fund Types		Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Internal Service	Agency	
Operating Cash Receipts:				
Charges for Services	\$653,996	\$150,000		\$803,996
Miscellaneous	8,169	40,305		48,474
Fines			\$95,402	95,402
Total Operating Cash Receipts	662,165	190,305	95,402	947,872
Operating Cash Disbursements:				
Personal Services	362,622			362,622
Contractual Services	141,720			141,720
Claims Expense		241,645		241,645
Supplies and Materials	48,968			48,968
Capital Outlay	3,238			3,238
Miscellaneous			99,881	99,881
Total Operating Cash Disbursements	556,548	241,645	99,881	898,074
Operating Income/(Loss)	105,617	(51,340)	(4,479)	49,798
Non-Operating Cash Receipts:				
Sale of Fixed Assets	54,850			54,850
Non-Operating Cash Disbursements:				
Debt Service:				
Principal Payments	34,640			34,640
Interest Payments	36,390			36,390
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers	89,437	(51,340)	(4,479)	175,678
Transfers-In	45,657	104,519		150,176
Net Receipts Over/(Under) Disbursements	135,094	53,179	(4,479)	325,854
Fund Cash Balances, January 1	697,811	76,427	4,479	778,717
Fund Cash Balances, December 31	\$832,905	\$129,606	\$0	\$1,104,571
Reserve for Encumbrances, December 31	\$52,179	\$10,414	\$0	\$62,593

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

**VILLAGE OF MINERVA
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
 CHANGES IN FUND CASH BALANCES
 ALL GOVERNMENTAL FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$128,230	\$1,489,003		\$1,617,233
Intergovernmental Receipts	386,061	146,116	\$263,282	795,459
Charges for Services	50,532	27,888		78,420
Fines, Licenses, and Permits	68,423	884		69,307
Earnings on Investments	180,514	19,722		200,236
Miscellaneous	87,816	12,554	200	100,570
	<u>901,576</u>	<u>1,696,167</u>	<u>263,482</u>	<u>2,861,225</u>
Total Cash Receipts				
Cash Disbursements:				
Current:				
Security of Persons and Property	697,846			697,846
Public Health Services	15,341	129,238		144,579
Leisure Time Activities		53,007		53,007
Community Environment	2,867			2,867
Basic Utility Services	10,195			10,195
Transportation		295,193		295,193
General Government	211,529	55,194		266,723
Capital Outlay	137,610	98,683	903,462	1,139,755
Debt Service:				
Principal Payments			24,000	24,000
Interest Payments			6,150	6,150
	<u>1,075,388</u>	<u>631,315</u>	<u>933,612</u>	<u>2,640,315</u>
Total Cash Disbursements				
Total Receipts Over/(Under) Disbursements	<u>(173,812)</u>	<u>1,064,852</u>	<u>(670,130)</u>	<u>220,910</u>
Other Financing Receipts/(Disbursements):				
Sale of Fixed Assets	625			625
Transfers-In	648,326	228,269	737,018	1,613,613
Advances-In	4,500	4,500		9,000
Transfers-Out	(389,397)	(1,274,000)		(1,663,397)
Advances-Out	(4,500)	(4,500)		(9,000)
	<u>259,554</u>	<u>(1,045,731)</u>	<u>737,018</u>	<u>(49,159)</u>
Total Other Financing Receipts/(Disbursements)				
Excess of Cash Receipts and Other Financing Receipts (Under) Cash Disbursements and Other Financing Disbursements	85,742	19,121	66,888	171,751
Fund Cash Balances, January 1	<u>755,089</u>	<u>579,639</u>	<u>1,365,462</u>	<u>2,700,190</u>
Fund Cash Balances, December 31	<u>\$840,831</u>	<u>\$598,760</u>	<u>\$1,432,350</u>	<u>\$2,871,941</u>
Reserves for Encumbrances, December 31	<u>\$149,081</u>	<u>\$55,026</u>	<u>\$141,693</u>	<u>\$345,800</u>

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

**VILLAGE OF MINERVA
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1998**

	<u>Proprietary Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Internal Service</u>	<u>Agency</u>	
Operating Cash Receipts:				
Charges for Services	\$661,335	\$135,000		\$796,335
Miscellaneous	7,347	1,938		9,285
Fines			\$86,149	86,149
Total Operating Cash Receipts	<u>668,682</u>	<u>136,938</u>	<u>86,149</u>	<u>891,769</u>
Operating Cash Disbursements:				
Personal Services	326,886			326,886
Contractual Services	139,054			139,054
Claims Expense		166,037		166,037
Supplies and Materials	112,276			112,276
Capital Outlay	1,876			1,876
Miscellaneous			81,670	81,670
Total Operating Cash Disbursements	<u>580,092</u>	<u>166,037</u>	<u>81,670</u>	<u>827,799</u>
Operating Income/(Loss)	<u>88,590</u>	<u>(29,099)</u>	<u>4,479</u>	<u>63,970</u>
Non-Operating Cash Receipts:				
Miscellaneous	5,198			5,198
Non-Operating Cash Disbursements:				
Debt Service:				
Principal Payments	32,115			32,115
Interest Payments	38,915			38,915
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers	22,758	(29,099)	4,479	(1,862)
Transfers-In	44,614	5,170		49,784
Net Receipts Over/(Under) Disbursements	67,372	(23,929)	4,479	47,922
Fund Cash Balances, January 1	630,439	100,356	0	730,795
Fund Cash Balances, December 31	<u>\$697,811</u>	<u>\$76,427</u>	<u>\$4,479</u>	<u>\$778,717</u>
Reserve for Encumbrances, December 31	<u>\$31,412</u>	<u>\$0</u>	<u>\$0</u>	<u>\$31,412</u>

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

**VILLAGE OF MINERVA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Minerva, Stark County, (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 operates under a Home Rule Charter which provides for a Council-Administrator form of government. Under this plan, an elected mayor performs the judicial functions and presides at Council meetings. All powers of the municipality are concentrated in a Council of 4 elected representatives plus the mayor. Council has full responsibility for determination of policies. The Charter concentrates actual administration in a Municipal Administrator who is appointed by, and at times is responsible to, the Council. The Village provides general governmental services, including water and sewer utilities, park operations (leisure time activities), fire and police services.

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

The Village is associated with certain organizations which are defined as Jointly Governed Organizations under Governmental Accounting Standards Board (GASB) Statement No. 14, *Reporting Entity*. These organizations are presented in Notes 10 through 12. These organizations include:

- Stark Council of Governments
- Stark County Regional Planning Commission
- Carroll County Regional Planning Commission

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 and Investments

Certificates of deposit are valued at cost.

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.

VILLAGE OF MINERVA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 Fund:

Street Construction, Maintenance and Repair Fund - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining and repairing Village streets.

3. Capital Projects Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Village had the following significant Capital Projects Fund:

Capital Improvement Fund - This fund receives its revenues from income tax allocations. This fund is designed to be used for various capital improvements throughout the Village.

4. Enterprise Funds

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

Water Fund - This fund receives charges for services from residents to cover the cost of providing this utility.

Sewer Fund - This fund receives charges for services from residents to cover the cost of providing this utility.

5. Internal Service Fund

This fund is used to account for services provided by one department to other departments of the governmental unit. The Village had the following significant internal service fund:

Self-funded Insurance Medical Fund - This fund receives insurance premium payments used to pay medical claims of full-time employees enrolled in the health insurance plan.

**VILLAGE OF MINERVA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

6. Fiduciary Fund (Agency Fund)

Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following significant Fiduciary Fund:

Mayor's Court Agency Fund - This fund receives fines and forfeitures from the Mayor's Court to be distributed to the Village, State of Ohio, and other local governments.

E. Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The 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 1999 and 1998 budgetary activity appears in Note 3.

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.

**VILLAGE OF MINERVA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

2. RECLASSIFICATION OF CERTAIN FUNDS

Prior to 1998, the Village accounted for all Mayor's Court activity within the General Fund. Since the Mayor's Court acts in an agency capacity, these activities should be reflected within the Agency Fund Type. Accordingly, all Mayor's Court activity has been reclassified to an Agency Fund for 1999 and 1998.

3. EQUITY IN POOLED CASH

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

	<u>1999</u>	<u>1998</u>
Cash on Hand	\$ 0	\$ 4,479
Demand deposits	\$241,049	\$212,439
Certificates of deposit	<u>3,533,740</u>	<u>3,433,740</u>
Total deposits	<u><u>3,774,789</u></u>	<u><u>3,650,658</u></u>

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, (2) collateralized by securities specifically pledged by the financial institution to the Village, or (3) collateralized by the financial institution's public entity deposit pool.

4. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 1999 and 1998 follows:

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,222,559	\$ 1,364,860	\$ 142,301
Special Revenue	2,037,637	2,054,772	17,135
Capital Projects	1,539,040	1,276,714	(262,326)
Enterprise	696,100	762,672	66,572
Internal Service	<u>255,000</u>	<u>294,824</u>	<u>39,824</u>
Total	<u><u>\$ 5,750,336</u></u>	<u><u>\$ 5,753,842</u></u>	<u><u>\$ 3,506</u></u>

VILLAGE OF MINERVA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

4. BUDGETARY ACTIVITY (Continued)

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,522,654	\$ 1,370,104	\$ 152,550
Special Revenue	2,142,816	2,020,340	122,476
Capital Projects	1,876,477	1,595,385	281,092
Enterprise	828,492	679,757	148,735
Internal Service	255,000	252,059	2,941
Total	<u>\$ 6,625,439</u>	<u>\$ 5,917,645</u>	<u>\$ 707,794</u>

1998 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 1,432,254	\$ 1,555,027	\$ 122,773
Special Revenue	1,896,943	1,928,936	31,993
Capital Projects	1,167,200	1,000,500	(166,700)
Enterprise	634,400	718,494	84,094
Internal Service	140,000	142,108	2,108
Total	<u>\$ 5,270,797</u>	<u>\$ 5,345,065</u>	<u>\$ 74,268</u>

1998 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 1,766,279	\$ 1,618,366	\$ 147,913
Special Revenue	2,151,925	1,964,841	187,084
Capital Projects	1,522,672	1,075,305	447,367
Enterprise	789,298	682,534	106,764
Internal Service	236,545	166,037	70,508
Total	<u>\$ 6,466,719</u>	<u>\$ 5,507,083</u>	<u>\$ 959,636</u>

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 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.

**VILLAGE OF MINERVA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

5. PROPERTY TAX (Continued)

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, 1999 was as follows:

	Principal	Interest Rate
1988-Ohio Water Development Authority Loan	\$ 428,344	8%
1987-GMAC Commercial Mortgage Corporation	75,000	5%
Total	\$ 503,344	

The Ohio Water Development Authority (OWDA) loan relates to a water and sewer plant expansion project that was mandated by the Ohio Environmental Protection Agency. The OWDA approved a loan of \$704,713 in 1988. The loan will be repaid in semiannual installments of \$35,515, including interest, over 20 years. The loan is collateralized by water and sewer receipts. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The GMAC Commercial Mortgage Corporation Loan relates to a 15 year note for the construction of the Village Hall's police station facility.

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

Year ending December 31:	OWDA Loan	GMAC Mortgage
2000	\$ 71,030	\$ 27,750
2001	71,030	26,550
2002	71,030	28,200
2003	71,030	
2004	71,030	
Subsequent	248,605	
Total	\$ 603,755	\$ 82,500

In addition to the debt described above, the Village obtained a \$850,000 line of credit from Consumers National Bank to finance the construction of the Village Fire Station on August 6, 1999. This line of credit has an interest rate of 4.5%. As of December 31, 1999, the Village had borrowed \$530,597 against this line of credit. The Village residents approved an increase in the income tax rate by .25% specifically to finance the construction of the new fire station.

VILLAGE OF MINERVA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

7. RETIREMENT SYSTEMS

The Village's law enforcement officers and firefighters belong to the Police and Firemen's Disability and Pension Funds (PFDPF). Other full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PFDPF and PERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 1999 and 1998, members of PFDPF contributed 10% of their wages to the PFDPF. The Village contributed an amount equal to 19.5% of their wages. 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, 1999.

8. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Errors and omissions

The Village has established a medical self-insurance fund, as previously mentioned in Note 1, for the purpose of paying medical claims of the Village's full-time employees and their covered dependents.

9. SUBSEQUENT EVENTS

Subsequent to December 31, 1999, the Village obtained an additional \$92,307 from their line of credit at Consumers National Bank. Additionally, the Village made payments of \$150,000 during 2000. This line of credit will be converted to a note by the Village and will be repaid from the proceeds of tax revenues.

10. STARK COUNCIL OF GOVERNMENTS

The Stark Council of Governments (SCOG) is a jointly governed organization. SCOG is a regional council of governments formed under chapter 167 of the Ohio Revised Code. Currently, SCOG's functions include the funding and operation of the Stark County Metropolitan Narcotics Unit and the Canton Crime Lab. SCOG is governed by the membership, including Stark County, and other cities, villages, and townships. The membership elects a nine member executive committee. Based on recommendations of the executive committee, the membership approves its own budget, appoints personnel and performs accounting and finance related activities. Continued existence of the agency is dependent on the Village's continued participation; however, the Village does not have an equity interest in the agency. The agency is not accumulating significant financial resources or experiencing fiscal stress which would cause additional financial benefit or burden to the Village. Complete financial statements may be obtained from the Stark County Council of Governments, P.O. Box 21451, Canton, Ohio 44701-1451.

VILLAGE OF MINERVA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

11. STARK COUNTY REGIONAL PLANNING COMMISSION

The Village participates in the Stark County Regional Planning Commission (Commission) which is a statutorily created political subdivision of the State. The Commission is jointly governed among Stark County, and other cities, villages, and townships. The principle aim of the Commission is to provide comprehensive planning, both long and short term range, dealing with the economic and physical environment of Stark County. The board exercises total authority for the day-to-day operations of the Commission. These include budgeting, appropriating, contracting, and designating management. The Village has no financial responsibility for any the Commission's liabilities. Complete financial statements can be obtained from the Stark County Regional Planning Commission, Stark County, Ohio.

12. CARROLL COUNTY REGIONAL PLANNING COMMISSION

The Village participates in the Carroll County Regional Planning Commission (Commission) which is a statutorily created political subdivision of the State. The Commission is jointly governed among Carroll County, and other cities, villages, and townships. The principle aim of the Commission is to provide comprehensive planning, both long and short term range, dealing with the economic and physical environment of Carroll County. The board exercises total authority for the day-to-day operations of the Commission. These include budgeting, appropriating, contracting, and designating management. The Village has no financial responsibility for any the Commission's liabilities. Complete financial statements can be obtained from the Carroll County Regional Planning Commission, Carroll County, Ohio.



STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

111 Second Street, NW
Fourth Floor
Canton, Ohio 44702
Telephone 330-438-0617
800-443-9272
Facsimile 330-471-0001
www.auditor.state.oh.us

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

Village of Minerva
Stark County
209 North Market Street
Minerva, Ohio 44657

To the Village Council:

We have audited the accompanying financial statements of the Village of Minerva, Stark County, Ohio (the Village) as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated August 21, 2000, which included an emphasis of a matter related to the reclassification of Mayor's Court activity from the General Fund to the Agency 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 audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

However, we noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated August 21, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the 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 August 21, 2000.

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.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large loop at the end.

Jim Petro
Auditor of State

August 21, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

VILLAGE OF MINERVA

STARK 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
OCTOBER 5, 2000