

**VILLAGE OF MINSTER**

DAYTON REGION, AUGLAIZE COUNTY

**REGULAR AUDIT**

FOR THE YEAR ENDED  
DECEMBER 31, 2002





**Auditor of State  
Betty Montgomery**

Mayor and Members of Council  
Village of Minster

We have reviewed the Independent Auditor's Report of the Village of Minster, Auglaize County, prepared by Vanderhorst & Manning CPAs, LLC for the audit period January 1, 2002 through December 31, 2002. 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 Minster is responsible for compliance with these laws and regulations.

*Betty Montgomery*

BETTY MONTGOMERY  
Auditor of State

August 13, 2003

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**VILLAGE OF MINSTER  
AUGLAIZE COUNTY**

TABLE OF CONTENTS

<b>TITLE</b>	<b>PAGE</b>
Report of Independent Accountants	1
Combined Statement of Cash Receipts, Cash Disbursements and Changes In Fund Cash Balances – All Governmental Fund Types and Similar Fiduciary Fund Type – For the Year Ended December 31, 2002	3
Combined Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balances – All Proprietary Fund Types – For the Year Ended December 31, 2002	4
Notes to the Financial Statements	5 – 15
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	16 – 17



**VANDERHORST & MANNING CPAs, LLC  
6105 NORTH DIXIE DRIVE  
DAYTON, OHIO 45414**

**REPORT OF INDEPENDENT ACCOUNTANTS**

Mayor and Members of Council  
Village of Minster  
5 West Fourth Street  
Minster, Ohio 45345

We have audited the accompanying financial statements of the Village of Minster, Auglaize County, Ohio (the Village), as of and for the year ended December 31, 2002. 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 audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 audit 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 audit provides a reasonable basis for our opinion.

As described 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 cash balances and fund balances of the Village Of Minster, Auglaize County, as of December 31, 2002, and its combined cash receipts and disbursements for the year then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards* we have also issued our report dated May 30, 2003 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

Vanderhorst & Manning CPAs, LLC  
Dayton, Ohio  
May 30, 2003

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**VILLAGE OF MINSTER**  
**AUGLAIZE COUNTY**  
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2002

	Governmental Fund Types				Fiduciary Fund Type	Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
<b>Cash Receipts:</b>						
Property and other Local Taxes	\$ 222,248	\$ 0	\$ 0	\$ 0	\$ 1,990,246	\$ 2,212,494
Intergovernmental Receipts	197,666	155,784	0	7,452	0	360,902
Special Assessments	0	0	49,004	25,278	0	74,282
Charges for Services	371,136	470	0	0	0	371,606
Fines, Licenses and Permits	15,620	6,345	0	0	0	21,965
Earnings on Investments	572,229	3,427	0	0	0	575,656
Miscellaneous	43,515	22,258	0	16,692	0	82,465
<b>Total Cash Receipts</b>	<u>1,422,414</u>	<u>188,284</u>	<u>49,004</u>	<u>49,422</u>	<u>1,990,246</u>	<u>3,699,370</u>
<b>Cash Disbursements:</b>						
Current:						
Security of Person and Property	459,402	0	0	0	0	459,402
Public Health Services	625	0	0	0	0	625
Leisure Time Activities	0	130,323	0	0	0	130,323
Community Environment	5,265	0	0	0	0	5,265
Transportation	0	379,993	0	0	22,880	402,873
General Government	240,741	0	0	0	0	240,741
Capital Outlay	27,778	35,857	0	1,364,287	0	1,427,922
Debt Service:						
Principal Payments	0	0	50,457	1,050,000	0	1,100,457
Interest Payments	0	0	9,375	52,500	0	61,875
<b>Total Cash Disbursements</b>	<u>733,811</u>	<u>546,173</u>	<u>59,832</u>	<u>2,466,787</u>	<u>22,880</u>	<u>3,829,483</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>688,603</u>	<u>(357,889)</u>	<u>(10,828)</u>	<u>(2,417,365)</u>	<u>1,967,366</u>	<u>(130,113)</u>
<b>Other Financing Receipts/(Disbursements):</b>						
Sale of Notes	0	0	3,044	496,442	0	499,486
Transfers-in	763,552	503,000	0	1,145,329	0	2,411,881
Transfers-out	(882,600)	0	0	0	(1,913,881)	(2,796,481)
Other Uses	0	0	0	0	(53,485)	(53,485)
<b>Total Other Financing Receipts/(Disbursements)</b>	<u>(119,048)</u>	<u>503,000</u>	<u>3,044</u>	<u>1,641,771</u>	<u>(1,967,366)</u>	<u>61,401</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<u>569,555</u>	<u>145,111</u>	<u>(7,784)</u>	<u>(775,594)</u>	<u>0</u>	<u>(68,712)</u>
<b>Fund Cash Balances, January 1, 2002</b>	<u>714,827</u>	<u>254,719</u>	<u>9,300</u>	<u>1,339,080</u>	<u>0</u>	<u>2,317,926</u>
<b>Fund Cash Balances, December 31, 2002</b>	<u>\$ 1,284,382</u>	<u>\$ 399,830</u>	<u>\$ 1,516</u>	<u>\$ 563,486</u>	<u>\$ 0</u>	<u>\$ 2,249,214</u>

The Notes to the Financial Statements are an integral part of this statement.

**VILLAGE OF MINSTER**  
**AUGLAIZE COUNTY**  
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - PROPRIETARY FUND TYPE AND  
SIMILAR FIDUCIARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2002

	<u>Proprietary Fund Type</u>		<u>Fiduciary Fund Type</u>	<b>Total (Memorandum Only)</b>
	<u>Enterprise</u>	<u>Internal Service</u>	<u>Agency</u>	
<b>Operating Cash Receipts:</b>				
Changes for Services	\$ 5,405,465	\$ 31,267	\$ 160,636	\$ 5,597,368
Miscellaneous	107,448	0	0	107,448
Total Operating Cash Receipts	<u>5,512,913</u>	<u>31,267</u>	<u>160,636</u>	<u>5,704,816</u>
<b>Operating Cash Disbursements:</b>				
Personal Services	719,598	0	0	719,598
Travel Transportation	17,537	0	0	17,537
Contractual Services	4,449,272	0	0	4,449,272
Supplies and Materials	383,395	31,267	0	414,662
Capital Outlay	1,666,472	0	0	1,666,472
Total Operating Cash Disbursements	<u>7,236,274</u>	<u>31,267</u>	<u>0</u>	<u>7,267,541</u>
Operating Income (Loss)	<u>(1,723,361)</u>	<u>0</u>	<u>160,636</u>	<u>(1,562,725)</u>
Non-Operating Receipts (Disbursements)				
Receipt from interfund loan	1,050,000	0	0	1,050,000
Interest from interfund loan	52,500	0	0	52,500
Debt Service:				
Principal Payments	(57,500)	0	0	(57,500)
Interest Payments	(13,712)	0	0	(13,712)
Other Financing Uses	(8,100)	0	(160,636)	(168,736)
Total Non-Operating Cash Receipts	<u>1,023,188</u>	<u>0</u>	<u>(160,636)</u>	<u>862,552</u>
Income (Loss) Before Operating Transfers	(700,173)	0	0	(700,173)
Transfers In	<u>384,600</u>	<u>0</u>	<u>0</u>	<u>384,600</u>
Net Receipts Over/(Under) Disbursements	(315,573)	0	0	(315,573)
<b>Fund Balances, January 1, 2002</b>	<u>4,812,091</u>	<u>0</u>	<u>0</u>	<u>4,812,091</u>
<b>Fund Balances, December 31, 2002</b>	<u>\$ 4,496,518</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 4,496,518</u>

The Notes to the Financial Statements are an integral part of this statement.

**VILLAGE OF MINSTER  
AUGLAIZE COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2002**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Village of Minster, Auglaize County, Ohio (the Village) is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly elected six-member Council. The Village provides the following services: fire and police protection, water, electric, sewer, street maintenance and repair, as well as other general governmental services.

The Village's management believes these financial statements represent all of the funds of the Village over which the Village officials have direct operating control.

**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 a payment is made 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:

**General Fund:**

The General Fund is the general operating fund. It is used to account for all financial resources except those required by law or contract to be restricted.

**VILLAGE OF MINSTER  
AUGLAIZE COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2002**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Fund Accounting (continued)**

**Special Revenue Funds:**

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Funds:

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

**State Highway Fund** – This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining and repairing Village State Highways.

**Parks and Recreation Fund** – This fund receives fees to maintain the Village's parks.

**Debt Service Funds:**

These funds are used to accumulate resources for the payment of indebtedness.

**Other Debt Service** – This fund accumulates resources for the payment of Special Assessment notes and bonds.

**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 provides monies for the purchase of large equipment, vehicles, and buildings for the Village.

**Parks Complex Fund** – This fund provides monies for the construction of the parks complex.

**Facilities Upgrade** – This fund provides monies for the upgrading of various sites within the Village.

**VILLAGE OF MINSTER  
AUGLAIZE COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2002**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Fund Accounting (continued)**

**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.

**Electric Fund** – This fund receives charges for services from residents to cover the cost of providing this utility.

**Internal Service Fund:**

These funds account for the financing of goods or services provided by one department or agency to other departments or agencies of the governmental unit, or to other governmental units, on a cost reimbursement basis. The Village had the following significant internal service fund:

**Gas Internal Fund** – This fund receives monies from Village departments to cover the cost of gasoline purchased by the Village.

**Fiduciary Funds (Trust and Agency Funds)**

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Village to maintain the corpus of the trust, the fund is classified as nonexpendable trust fund. Other trust funds are classified as expendable. Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following significant fiduciary funds:

**Income Tax Fund** – This fund receives monies from collections on the Village's 1.5% income tax imposed. Funds collected are used in both general operations of the Village and for capital expenditures and maintenance and repairs as required.

**Mayor's Court** – This fund receives monies from collections on fines imposed from tickets issued by the Village's police protection force. Funds collected in part on behalf of the State of Ohio. In addition, funds are used for safety programs, computerization and general Village operations.

**VILLAGE OF MINSTER  
AUGLAIZE COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2002**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Budgetary Process**

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

**Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year-end.

**Estimate Resources**

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

**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 2002 budgetary activity appears in Note 3.

**F. Property, Plant and Equipment**

Fixed assets are not capitalized in any of the Village's funds. Instead, capital acquisition and construction costs are reflected as expenditures in the fund in the year expended. The costs of normal maintenance and repairs are also expended, along with improvements. Depreciation is not recorded.

**G. Intergovernmental Revenues**

Intergovernmental revenues, such as entitlements and grants awarded on a non-reimbursable basis are recorded when received in accordance with the Village's cash basis method of accounting.

**VILLAGE OF MINSTER  
AUGLAIZE COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2002**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**H. 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 basis of accounting used by the Village.

**I. Interfund Transactions**

During the course of normal operations, the Village had transactions between funds. The most significant include transfers of resources from one fund to another fund. The resources transferred are to be expended for operations by the receiving fund and are recorded as operating transfers.

**J. Total Columns on Financial Statements**

Total columns on the financial statements are captioned "Total (Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Interfund-type eliminations have not been made in the aggregation of this data.

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

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

	<u>2002</u>
Deposits:	
Demand deposits	\$ 5,223,055
Investments:	
Repurchase agreements	<u>1,522,677</u>
Total deposits	<u>\$ 6,745,732</u>

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

**Investments:** Repurchase agreements are uninsured and unregistered investments in which the securities are held by the counterparty's trust department or agent in the Village's name.

**VILLAGE OF MINSTER  
AUGLAIZE COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2002**

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**3. BUDGETARY ACTIVITY**

Budgetary activity for the year ending December 31, 2002 was as follows:

**2002 Budgeted vs. Actual Receipts**

<b>Fund Type</b>	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
General	\$ 2,070,434	\$ 2,185,966	\$ 115,532
Special Revenue	618,800	691,284	72,484
Debt Service	56,987	52,048	(4,939)
Capital Projects	4,196,369	1,691,193	(2,505,176)
Enterprise Funds	8,562,000	7,000,013	(1,561,987)
Internal Service Funds	40,000	31,267	(8,733)
Fiduciary Fund	2,100,000	1,990,246	(109,754)
Total	<u>\$ 17,644,590</u>	<u>\$ 13,642,017</u>	<u>\$ (4,002,573)</u>

**2002 Budgeted vs. Actual Budgetary Basis Expenditures**

<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Budgetary Expenditures</b>	<b>Variance</b>
General	\$ 2,485,500	\$ 1,616,411	\$ 869,089
Special Revenue	741,100	546,173	194,927
Debt Service	61,054	59,832	1,222
Capital Projects	5,066,720	2,466,787	2,599,933
Enterprise Funds	10,678,974	7,315,586	3,363,388
Internal Service Funds	40,000	31,267	8,733
Fiduciary Fund	2,100,000	1,990,246	109,754
Total	<u>\$ 21,173,348</u>	<u>\$ 14,026,302</u>	<u>\$ 7,147,046</u>



**VILLAGE OF MINSTER  
AUGLAIZE COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2002**

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**4. DEBT OBLIGATIONS**

At December 31, 2002, debt obligations consisted of the following issuances:

<u>Description</u>	<u>Balance at December 31, 2002</u>
1993 Street Improvement Special Assessment Bonds, due in semiannual payments on June 1 and December 1 through 2003 at a rate of 4.95%.	\$ 4,000
1994 Street Improvement Special Assessment Bonds, due in semiannual payments on June 1 and December 1 through 2004 at a rate of 5.70%.	14,000
1994 Third Street Special Assessment Note, due in semiannual payments on February 1 and August 1 through 2005 at a rate of 5.5%.	17,335
1995 Street Projects Special Assessment Note, due in semiannual payments on February 21 and August 21 through 2006 at a rate of 5.7%.	12,649
1997 Parkview Sidewalks Special Assessment Note, due in semiannual payments on June 4 and December 4 through 2007 at a rate of 6.45%.	3,796
1998 First-Hanover Street Special Assessment Note, due in semiannual payments on June 29 and December 29 through 2008 at a rate of 5.25%.	25,562
1996 Equalization Basin General Obligation Note, due in semiannual payments on May 13 and November 13 through 2006 at a rate of 5.55%.	230,000
1999 First Street Special Assessment Note, due in semiannual payments on January 1 and July 1 through 2010 at a rate of 5.95%.	23,185
2000 Paris Street Special Assessment Note, due in semiannual payments on June 26 and December 26 through 2010 at a rate of 6%.	30,873
2002 Street Assessment Note, due October 4, 2003 at a rate of 2.5%	3,044

**VILLAGE OF MINSTER  
AUGLAIZE COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2002**

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**4. DEBT OBLIGATIONS (Continued)**

<u>Description</u>	<u>Balance at December 31, 2002</u>
2002 Hamilton Street Assessment Note, due June 18, 2013 at a rate of 4.5%.	\$ 21,442
Real Estate Acquisition Bond Anticipation Note, due January 31, 2003 at a rate of 2.4%.	475,000
Omega JV-5 Bonded Debt Village of Minster's Share of participant debt.	<u>2,754,558</u>
Total debt obligations at December 31, 2002	<u>\$3,615,444</u>

Transactions for the year ended December 31, 2002 are summarized as follows:

	<u>Balance at December 31,2001</u>	<u>Proceeds</u>	<u>Payments</u>	<u>Balance at December 31,2002</u>
Special Assessment Bonds	\$ 39,000	\$ -	\$ 21,000	\$ 18,000
Special Assessment Notes	142,857	24,486	29,457	137,886
General Obligation Notes	287,500	-	57,500	230,000
Interfund Loan	1,050,000	-	1,050,000	-
Acquisition Note	-	475,000	-	475,000
Omega JV 5	<u>2,819,830</u>	<u>-</u>	<u>65,272</u>	<u>2,754,558</u>
	<u>\$ 4,339,187</u>	<u>\$ 499,486</u>	<u>\$ 1,223,229</u>	<u>\$ 3,615,444</u>

The OMEGA JV5 Project consists of governmental entities that have joined together to finance a municipal electric generation facility (see also, Note 10). Bonded debt issued in the total of \$153,415,000 for the project; the amount listed above and the amortization schedule below represents the Village's participant share. The debt is being repaid through the purchase price of the electricity and is financed through user charges.

**VILLAGE OF MINSTER  
AUGLAIZE COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2002**

**4. DEBT OBLIGATIONS - (Continued)**

The principal and interest requirements to retire the debt obligations outstanding at December 31, 2002 are as follows:

	Special Assessment Bonds		Special Assessment Notes*		General Obligation Notes	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2003	\$ 11,000	\$ 996	\$ 25,818	\$ 7,280	\$ 57,500	\$ 8,352
2004	7,000	400	23,075	5,933	57,500	5,966
2005			23,395	4,643	57,500	3,580
2006			17,303	3,344	57,500	1,193
2007			14,140	2,376		
2008-2024			34,155	3,544		
	<u>\$ 18,000</u>	<u>\$ 1,396</u>	<u>\$ 137,886</u>	<u>\$ 27,120</u>	<u>\$ 230,000</u>	<u>\$ 19,091</u>

	Acquisition Note		OMEGA JV5		Total	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2003	\$ 475,000	\$ 11,527	\$ 68,556	\$ 146,887	\$ 637,874	\$ 175,042
2004			72,038	143,336	159,613	155,635
2005			75,620	139,514	156,515	147,737
2006			79,600	135,389	154,403	139,926
2007			83,878	129,401	98,018	131,777
2008-2024			2,374,866	1,254,044	2,409,021	1,257,588
	<u>\$ 475,000</u>	<u>\$ 11,527</u>	<u>\$ 2,754,558</u>	<u>\$ 1,948,571</u>	<u>\$ 3,615,444</u>	<u>\$ 2,007,705</u>

\*The Special Assessment notes (with the exception of the 2002 issuance of \$3,044) only require interest due each year with principal due at maturity. Amortization schedules have been included in the financial statements based upon the Village's anticipated annual principal payments.

**VILLAGE OF MINSTER  
AUGLAIZE COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2002**

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**5. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the County. 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. Real property taxes are payable annually or semiannually to the County. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20 of the following year. Under certain circumstances, state statute permits later payment dates to be established.

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

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

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

**6. LOCAL INCOME TAX**

This locally levied tax of 1.5% applies to gross salaries, wages and other personal service compensation earned by residents both in and out of the Village and to earnings of nonresidents (except certain transients) earned in the Village. It also applies to the net income of business organizations located in the Village. Tax receipts are credited to the Village and amounted to \$1,990,246 in 2002.

**7. RETIREMENT SYSTEMS**

The Village's law enforcement officers belong to the Ohio Police and Fire Fund (OP&F). Other employees belong to the Public Employees Retirement System (PERS) of Ohio. OP&F and PERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including postretirement health care, 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 2001, members of OP&F contribute 10% of their wages to the OP&F. The Village contributes an amount equal to 19.5% of their wages. PERS members contribute 8.5% of their gross salaries. The Village contributes an amount equal to 13.55% of participants' gross salaries. The Village has paid all contributions required through December 31, 2002.

**VILLAGE OF MINSTER  
AUGLAIZE COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2002**

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**8. RISK MANAGEMENT**

The Village is insured through the Ohio Government Risk Management Plan. The plan assumes the risk of loss up to the limits of the Village's policy. The following risks are covered under the plan: Property, Liability, Wrongful Acts, Law Enforcement, Automobile, Bond, Crime, Inland Marine, Fire Vehicle RC, EDP, Governmental Medical Liability, Employee Benefits Liability, and Automobile Liability, all with various deductibles. Boiler coverage has been obtained through a commercial carrier.

The Village also provides health insurance and dental to full-time employees through a private carrier.

**9. CONTINGENT LIABILITY**

LITIGATION

The Village is currently not involved in litigation that the Village's legal counsel anticipates a loss.

**10. JOINT VENTURES WITH EQUITY INTEREST**

During the year December 31, 2002, the Village was part of the following joint venture:

*Ohio Municipal Electric Generation Agency Joint Venture 5 (OMEGA JV 5)* – A group of forty-two municipalities have entered into a joint venture for constructing, installing, and operating a 42 megawatts (MW) hydroelectric generator and related facilities at the Belleville locks and dam on the Ohio River. The Village has a 1.99 percent participant ownership interest in OMEGA JV 5. For the year ended December 31, 2001, (the most current available financial information), the Village's equity in the joint venture was \$128,725. Bonds issued by the joint venture are retired through the municipalities' payments for the monthly energy usage. The participants are obligated by the agreement to remit on a monthly basis those costs incurred from using electricity generated by the joint venture and a portion of the \$153,415,000 Certificates of Beneficial Interest debt that was issued to construct the fixed asset. Complete separate financial statements may be obtained from OMEGA JV5, c/o Robert Trippe, Vice President and CEO, AMP-Ohio, 2600 Airport Drive, Columbus, Ohio, 43219.

**11. COMMITMENT**

*Gorsuch Station Sales Contract* – The Village has entered into a power sales contract to purchase 1.786 MW of capacity from AMP-Ohio until current and subsequent Gorsuch Station bond issues have been retired. The bonds are retired through user fees charged by the municipalities. Forty-five other municipalities are also participating in this contract at varying amounts of purchase commitments. Under this contract, the Village is obligated to purchase power at a rate determined by AMP-Ohio as long as power is being delivered. For the period January 1, 2002, to December 31, 2002, the Village has authorized AMP-Ohio to resell its portion of Gorsuch power to American Electric Power.

**VANDERHORST & MANNING CPAs, LLC  
6105 NORTH DIXIE DRIVE  
DAYTON, OHIO 45414**

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

Mayor and Members of Council  
Village of Minster  
5 West Fourth Street  
Minster, Ohio 45345

We have audited the financial statements of the Village of Minster, Auglaize County, as of and for the years ended December 31, 2002, and have issued our report thereon dated May 30, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 of Minster'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*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village of Minster, 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 specific 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 operations 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 of Minster in a separate letter dated May 30, 2003.

Mayor and Members of Council  
Village of Minster  
Page 2

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

Vanderhorst & Manning CPAs, LLC  
Dayton, Ohio

May 30, 2003







**Auditor of State  
Betty Montgomery**

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800-282-0370

Facsimile 614-466-4490

**VILLAGE OF MINSTER**

**AUGLAIZE 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  
SEPTEMBER 11, 2003**