

**VILLAGE OF MINSTER**

DAYTON REGION, AUGLAIZE COUNTY

**REGULAR AUDIT**

FOR THE YEAR ENDED  
DECEMBER 31, 2005





**Auditor of State  
Betty Montgomery**

Village Council  
Village of Minster  
5 West Fourth Street  
Minster, Ohio 45865

We have reviewed the *Report of Independent Accountants* of the Village of Minster, Auglaize County, prepared by Manning & Associates CPAs, LLC, for the audit period January 1, 2005, through December 31, 2005. 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.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Report of Independent Accountants* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Report of Independent Accountants* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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.

A handwritten signature in black ink that reads "Betty Montgomery".

BETTY MONTGOMERY  
Auditor of State

August 8, 2006

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**VILLAGE OF MINSTER  
AUGLAIZE COUNTY**

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**MANNING & ASSOCIATES 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, 2005. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on the 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 more fully in Note 1, the Village has prepared financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the Village to reformat its financial statement presentation and make other changes effective for the year ended December 31, 2005. Instead of the combined funds the accompanying financial statements present for 2005, the revisions require presenting entity wide statements and also to present its large (i.e. major) funds separately for 2005. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Village has elected not to reformat its statement. Since the Village does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the year ended December 31, 2005 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2005 or its changes in financial position or cash flows of its proprietary funds for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village of Minster, Auglaize County, as of December 31, 2005, and its combined cash receipts and disbursements for the year then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Village to include Management's Discussion and Analysis for the year ended December 31, 2005. The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued a report dated May 18, 2006, on our consideration of the Village's internal control structure over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Manning & Associates CPAs, LLC  
Dayton, Ohio

May 18, 2006



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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, 2005

	Governmental Fund Types				Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
<b>Cash Receipts:</b>					
Property and other Local Taxes	\$ 2,645,699	\$ 0	\$ 0	\$ 0	2,645,699
Intergovernmental Receipts	270,984	408,848	0	16,000	695,832
Special Assessments	0	0	26,206	76,619	102,825
Charges for Services	458,818	1,425	0	0	460,243
Fines, Licenses and Permits	7,684	1,692	0	0	9,376
Earnings on Investments	151,654	6,224	0	0	157,878
Miscellaneous	23,324	33,490	0	23,588	80,402
<b>Total Cash Receipts</b>	<u>3,558,163</u>	<u>451,679</u>	<u>26,206</u>	<u>116,207</u>	<u>4,152,255</u>
<b>Cash Disbursements:</b>					
Current:					
Security of Person and Property	565,784	0	0	0	565,784
Public Health Services	650	0	0	0	650
Leisure Time Activities	0	96,276	0	0	96,276
Community Environment	13,852	0	0	0	13,852
Transportation	0	546,274	0	0	546,274
General Government	472,918	0	0	0	472,918
Capital Outlay	39,772	363,326	0	508,771	911,869
Debt Service:					
Principal Payments	0	0	22,363	0	22,363
Interest Payments	0	0	4,205	0	4,205
<b>Total Cash Disbursements</b>	<u>1,092,976</u>	<u>1,005,876</u>	<u>26,568</u>	<u>508,771</u>	<u>2,634,191</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>2,465,187</u>	<u>(554,197)</u>	<u>(362)</u>	<u>(392,564)</u>	<u>1,518,064</u>
Other Financing Receipts/(Disbursements):					
Sale of Note Proceeds	0	0	0	86,361	86,361
Sale of Fixed Assets	3,056	13,000	0	0	16,056
Transfers-in	700	901,921	0	1,364,238	2,266,859
Transfers-Out	(2,699,476)	(25,700)	0	(1,430,000)	(4,155,176)
<b>Total Other Financing Receipts/ Disbursements</b>	<u>(2,695,720)</u>	<u>889,221</u>	<u>0</u>	<u>20,599</u>	<u>(1,888,317)</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(230,533)	335,024	(362)	(371,965)	(267,836)
<b>Fund Cash Balances, January 1, 2005</b>	<u>1,322,745</u>	<u>201,297</u>	<u>13,696</u>	<u>442,182</u>	<u>1,979,920</u>
<b>Fund Cash Balances, December 31, 2005</b>	<u>\$ 1,092,212</u>	<u>\$ 536,321</u>	<u>\$ 13,334</u>	<u>\$ 70,217</u>	<u>\$ 1,712,084</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 - ALL PROPRIETARY AND  
 SIMILAR FIDUCIARY FUND TYPES  
 FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Proprietary Fund Type</u>		<u>Fiduciary Fund Type</u>	<u>Total (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Internal Service</u>	<u>Agency</u>	
<b>Operating Cash Receipts:</b>				
Changes for Services	\$ 7,134,213	\$ 59,955	\$ 17,707	\$ 7,211,875
Fines, License and Permits	3,381	0	0	3,381
Miscellaneous	156,406	0	0	156,406
Total Operating Cash Receipts	<u>7,294,000</u>	<u>59,955</u>	<u>17,707</u>	<u>7,371,662</u>
<b>Operating Cash Disbursements:</b>				
Personal Services	775,144	0	0	775,144
Travel Transportation	28,946	0	0	28,946
Contractual Services	6,440,035	59,955	0	6,499,990
Supplies and Materials	446,538	0	0	446,538
Capital Outlay	5,055,321	0	0	5,055,321
Total Operating Cash Disbursements	<u>12,745,984</u>	<u>59,955</u>	<u>0</u>	<u>12,805,939</u>
Operating Income (Loss)	<u>(5,451,984)</u>	<u>0</u>	<u>17,707</u>	<u>(5,434,277)</u>
<b>Non-Operating Receipts (Disbursements)</b>				
Intergovernmental Receipts	30,821	0	0	30,821
Sale of Notes	2,800,000	0	0	2,800,000
Sale of Fixed Assets	45,483	0	0	45,483
Debt Service:				
Principal Payments	(115,000)	0	0	(115,000)
Interest Payments	(54,700)	0	0	(54,700)
Other Financing Uses	(9,625)	0	(17,707)	(27,332)
Total Non-Operating Cash Receipts	<u>2,696,979</u>	<u>0</u>	<u>(17,707)</u>	<u>2,679,272</u>
Income (Loss) Before Operating Transfers	<u>(2,755,005)</u>	<u>0</u>	<u>0</u>	<u>(2,755,005)</u>
Transfers In	2,263,317	0	0	2,263,317
Transfer Out	<u>(375,000)</u>	<u>0</u>	<u>0</u>	<u>(375,000)</u>
Net Receipts Over/(Under) Disbursements	<u>(866,688)</u>	<u>0</u>	<u>0</u>	<u>(866,688)</u>
<b>Fund Balances, January 1, 2005</b>	<u>3,837,401</u>	<u>0</u>	<u>0</u>	<u>3,837,401</u>
<b>Fund Balances, December 31, 2005</b>	<u>\$ 2,970,713</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,970,713</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, 2005**

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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 are financially accountable.

**B. Basis of Accounting**

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when 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 reports all financial resources except those required to be accounted for in another fund.

**VILLAGE OF MINSTER  
AUGLAIZE COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005**

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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, 2005**

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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 Agency funds:

**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 are on behalf of the State of Ohio. In addition, funds are used for safety programs, computerization and general Village operations.

**NKTELCO Collections** – This fund receives monies from collections on behalf of Verizon. Funds are collected and remitted to Verizon. The Village receives a percentage fee for this service.

**VILLAGE OF MINSTER  
AUGLAIZE COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005**

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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 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.

**Estimated 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 2005 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.

**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.

**VILLAGE OF MINSTER  
AUGLAIZE COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005**

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

**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>2005</u>
Deposits:	
Demand deposits	\$ 280,901
Certificate of Deposits	2,458,000
Investments:	
Repurchase agreements	<u>1,943,797</u>
Total deposits	<u>\$ 4,682,797</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, 2005**

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**3. BUDGETARY ACTIVITY**

Budgetary activity for the year ending December 31, 2005 was as follows:

**2005 Budgeted vs. Actual Receipts**

<b>Fund Type</b>	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
General	\$ 4,400,445	\$ 3,561,919	\$ (838,526)
Special Revenue	1,767,029	1,366,600	(400,429)
Debt Service	26,139	26,206	67
Capital Projects	2,076,106	1,566,806	(509,300)
Enterprise Funds	13,494,900	12,433,621	(1,061,279)
Internal Service Funds	60,000	59,955	(45)
Fiduciary Fund	25,000	17,707	(7,293)
Total	<u>\$ 21,849,619</u>	<u>\$ 19,032,814</u>	<u>\$ (2,816,805)</u>

**2005 Budgeted vs. Actual Budgetary Basis Expenditures**

<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Budgetary Expenditures</b>	<b>Variance</b>
General	\$ 4,930,652	\$ 3,792,452	\$ 1,138,200
Special Revenue	1,863,326	1,031,576	831,750
Debt Service	28,555	26,568	1,987
Capital Projects	2,361,015	1,938,771	422,244
Enterprise Funds	16,406,375	13,300,309	3,106,066
Internal Service Funds	60,000	59,955	45
Fiduciary Fund	25,000	17,707	7,293
Total	<u>\$ 25,674,923</u>	<u>\$ 20,167,338</u>	<u>\$ 5,507,585</u>

**VILLAGE OF MINSTER  
AUGLAIZE COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005**

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**4. DEBT OBLIGATIONS**

Village Debt outstanding at December 31, 2005 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Special Assessment Notes	\$ 142,800	3.25-6.45%
Water System Anticipation Note	<u>2,800,000</u>	3.74%
	<u>\$2,942,800</u>	

**Special Assessment Notes:**

1995 Street Projects Special Assessment Note, due in semiannual payments on February 21 and August 21 through 2006 at a rate of 5.7%. Principal balance at December 31, 2005 \$3,164.

1997 Parkview Sidewalks Special Assessment Note, due in semiannual payments on June 4 and December 4 through 2007 at a rate of 6.45%. Principal balance at December 31, 2005 \$1,516.

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%. Principal balance at December 31, 2005 \$12,781.

1999 First Street Special Assessment Note, due in semiannual payments on January 1 and July 1 through 2010 at a rate of 5.95%. Principal balance at December 31, 2005 \$13,250.

2000 Paris Street Special Assessment Note, due in semiannual payments on June 26 and December 26 through 2010 at a rate of 6%. Principal balance at December 31, 2005 \$19,296.

2002 Hamilton Street Assessment Note, due June 18, 2013 at a rate of 4.5%. Principal balance at December 31, 2005 \$6,433.

2005 Eagle Acres Special Assessment Note, due in semiannual payments on January 5 and July 5 through July 5, 2015, at a rate of 4.12%. Principal balance at December 31, 2005 \$86,360.

**Water System Improvement Bond Anticipation Note:**

The Village is constructing a new water plant facility. Bond anticipation notes in the amount of \$2,800,000 were issued in 2005 for the project. Semiannual interest payments are due on April 20 and October 20 through April 2010 at a rate of 3.74%. Principal to be paid in full April 2010.

**Omega JV 5 – AMP-Ohio**

The Village entered into a loan agreement with Ohio Municipal Power- Ohio, Inc. (AMP-Ohio) for the purpose of providing financing for the acquisition and installation of electric system improvements.

The Electric Operating Fund is to pay the loan made by AMP-Ohio together with interest thereon equal to the rates of interest on the electric system improvement bond anticipation notes to be issued by Amp-Ohio in one or more series, or on notes issued to refund the Notes or on the Electric System Improvement Bonds to be issued by Amp-Ohio in anticipation of which Bonds the Notes are issued.

**VILLAGE OF MINSTER  
AUGLAIZE COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005**

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**4. DEBT OBLIGATIONS** (Continued)

On the maturity date of each series of the Notes the Village will pay to AMP-Ohio all interest due on the Notes plus any amount of principal up to the original principal amount of such series, and on the maturity date of such series of the Notes plus an amount of principal equal to the amount of principal amount which would be due in the corresponding year on a loan the original amount of such series, for a term of 20 years, at the interest rate borne by such series of the Notes.

AMP-Ohio will use its best efforts to refinance any remaining principal of any series of the Notes; provided, however, that if AMP-Ohio is unable to refinance any series of the Notes, it shall give the Village and the original purchaser of the Notes 60 days notice of such inability, and the Village shall pay AMP-Ohio all amounts necessary to retire such series of the Notes at maturity. Also see Note 10, for more information relating to AMP-Ohio, Omega JV-5 project and related amortization schedules based upon percentage of ownership.

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

Year Ending December 31:	Special Assess. Notes	Water System Note
2006	\$ 31,429	\$ 104,720
2007	26,979	104,720
2008	25,124	104,720
2009	19,924	104,720
2010	15,788	2,852,360
Thereafter	<u>50,484</u>	<u>0</u>
Total	<u>\$ 169,728</u>	<u>\$ 3,271,240</u>

**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.

**VILLAGE OF MINSTER  
AUGLAIZE COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005**

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**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 \$2,417,140 in 2005.

**7. RETIREMENT SYSTEMS**

The Village's law enforcement officers belong to the Ohio Police and Fire Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS 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 2005, members of OP&F contribute 10% of their wages. The Village contributes an amount equal to 19.5% of their wages. OPERS 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, 2005.

**8. RISK MANAGEMENT**

The Village is insured through the Ohio Government Risk Management Plan (the Plan), an unincorporated non-profit association with over 600 governmental entity members providing formalized, jointly administered self-insurance risk management program and other administrative services.

Pursuant to section 2744.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity. The Plan provides, Property, Liability, Wrongful Acts, Law Enforcement, Automobile, Bond, Crime, Inland Marine, Fire Vehicle RC, EDP, Governmental Medical Liability, Employee Benefits Liability, and Automobile Liability, and other coverage's. The Plan pays judgments, settlements, and other expenses resulting from covered claims that exceed the member's deductible.

The Plan uses conventional coverage's and reinsures these coverage's 100 percent, rather than using a risk pool of member funds to pay individual and collective losses. Therefore, the individual members are only responsible for their self-retention (deductible) amounts, which may vary from member to member.

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 in which the Village's legal counsel anticipates a loss.

**VILLAGE OF MINSTER  
AUGLAIZE COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005**

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**10. JOINT VENTURES WITH EQUITY INTEREST**

The Village of Minster is a Financing Participant with an ownership percentage of 1.99 percent, and shares participation with forty-one other subdivisions within the State of Ohio in the Ohio Municipal Electric Generation Agency Joint Venture 5 (OMEGA JV5). Financing Participants own undivided interests, as tenants in common, without right of partition in the OMEGA JV5 Project.

Pursuant to the OMEGA Joint Venture JV5 Agreement (Agreement), the participants jointly undertook as Financing Participants, the acquisition, construction, and equipping of OMEGA JV5, including such portions of OMEGA JV5 as have been acquired, constructed, or equipped by AMP-Ohio.

OMEGA JV5 was created to construct a 42 Megawatt (MW) run-of-the-river hydroelectric plant (including 40MW of backup generation) and associated transmission facilities (on the Ohio River near the Bellville, West Virginia Locks and Dam) and sells electricity from its operations to OMEGA JV5 Participants.

Pursuant to the Agreement each participant has an obligation to pay its share of debt service on the Beneficial Interest Certificates (Certificates) from the revenues of its electric system, subject only to the prior payment of Operating & Maintenance Expenses (O&M) of each participant's System, and shall be on a parity with any outstanding and future senior electric system revenue bonds, notes or other indebtedness payable from any revenues of the System. On dissolution of OMEGA JV5, the net assets will be shared by the financing participants on a percentage of ownership basis. Under the terms of the Agreement each participant is to fix, charge, and collect rates, fees, and charges at least sufficient in order to maintain a debt coverage ratio equal to 110 percent of the sum of OMEGA JV5 debt service and any other outstanding senior lien electric system revenue obligations. As of December 31, 2005 Minster has met their debt coverage obligation.

The Agreement provides that the failure of any JV5 participant to make any payment due by the due date thereof constitutes a default. In the event of a default, OMEGA JV5 may take certain actions including the termination of a defaulting JV5 Participant's entitlement to Project Power. Each Participant may purchase a pro rate share of the defaulting JV5 Participant's entitlement to Project Power, which together with the share of the other non-defaulting JV5 Participants, is equal to the defaulting JV5 Participant's ownership share of the Project, in kilowatts ("Step Up Power") provided that the sum of any such increases shall not exceed, without consent of the non-defaulting JV5 Participant, an accumulated maximum kilowatts equal 25 percent of such non-defaulting JV5 Participant's ownership share of the project prior to any such increases.

OMEGA JV5 is managed by AMP-Ohio, which acts as the joint venture's agent. During 1993 and 2001 AMP-Ohio issued \$153,415,000 and \$13,899,981 respectively of 30 year fixed rate Beneficial Interest Certificates (Certificates) on behalf of the Financing Participants of OMEGA JV5. The 2001 Certificates accrete to a value of \$56,125,000 on February 15, 2030. The net proceeds of the bond issues were used to construct the OMEGA JV5 Project. On February 17, 2005 the 1993 Certificates were refunded by issuing 2005 Beneficial Interest Refunding Certificates in the amount of \$116,910,000, which resulted in a savings to the membership of \$34,951,833 from the periods 2005 through 2024.

The Village's net investments to date in OMEGA JV5 was \$184,711 at December 31, 2005. Complete financial statements for OMEGA JV5 may be obtained from AMP-Ohio or the State Auditors website at [www.auditor.state.oh.us](http://www.auditor.state.oh.us).

**VILLAGE OF MINSTER  
AUGLAIZE COUNTY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2005**

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**10. JOINT VENTURES WITH EQUITY INTEREST (continued)**

Amortization of the participant's percentage share of debt as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Refunding</u>	<u>Total</u>
2006	\$82,088	\$100,389	\$27,371	\$209,848
2007	85,272	97,106	27,357	209,734
2008	87,063	95,400	27,369	209,832
2009	89,053	93,441	27,374	209,868
2010	90,943	90,627	27,365	208,935
2011-2030	2,928,086	742,616	382,943	4,053,645
Total	<u>3,362,503</u>	<u>1,219,579</u>	<u>519,779</u>	<u>5,101,862</u>

**11. ENTERPRISE FUND SEGMENT INFORMATION**

Included in the services provided by the Village which are electric utility services financed primarily by user charges. The calculation of Joint Ventures 5 (JV5) debt coverage and the financial breakdown of the Electric Fund are presented separately to satisfy debt covenant compliance requirements with AMP Ohio. The financial information for the year ended December 31, 2005 and 2004 for these enterprise activities are indicated below:

<b>Calculation of JV5 Debt Coverage</b>	<b>2005</b>
Operating Income (net of Capital Outlay expenses)	\$(346,053)
JV5 Debt Service (included above as operating expenses to Amp Ohio)	209,920
KWH Tax from General Fund	480,953
Adjusted Operating Income Available for Debt Service	<u>\$344,820</u>
OMEGA JV5 Debt Service (paid by Amp Ohio)	\$209,920
Other Electric System Debt Service	0
Total Electric System Debt	<u>\$209,920</u>
Coverage (Covenants require 110% coverage of all debt)	165%

The Village maintains two Enterprise funds to accounts for the operations of the Electric Utility. The table below reflects, in a summarized format, the more significant financial data relating to the Electric Operating Fund and the Electric Replacement Fund for the year ended December 31, 2005.

<u>Fund Type</u>	<u>Electric Operating</u>	<u>Electric Replacement</u>	<u>Total Enterprise</u>
Operating Income/(Loss)	(789,622)	(7,428)	(5,451,984)
Non-Operating Income, Net	0	0	2,696,979
Operating Transfers In/Out	105,952	375,000	1,888,317
Net Income/(Loss)	(683,670)	367,572	(866,688)
Fund Balance – 12/31/2005	348,607	402,523	2,970,713

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

**INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER  
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS  
REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

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

To the Village Council:

We have audited the financial statements of the Village of Minster, Auglaize County, as of and for the year ended December 31, 2005, and have issued our report thereon dated May 18, 2006, wherein we noted the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village of Minster'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 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 18, 2006.

Compliance and Other Matters

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 grant agreements, 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*.

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.

Manning & Associates CPAs, LLC  
Dayton, Ohio

May 18, 2006





**Auditor of State  
Betty Montgomery**

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P.O. Box 1140  
Columbus, Ohio 43216-1140

Telephone 614-466-4514  
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  
AUGUST 22, 2006**