

**VILLAGE OF MINERVA PARK
FRANKLIN COUNTY**

REGULAR AUDIT

For the years ended December 31, 2005 and 2004



Mary Taylor, CPA
Auditor of State

Village Council
Village of Minerva Park
2829 Minerva Lake Road
P.O. Box 29070
Columbus, Ohio 43231-4820

We have reviewed the *Independent Auditor's Report* of the Village of Minerva Park, Franklin County, prepared by Whalen & Company, CPAs, for the audit period January 1, 2004 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.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of Minerva Park is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

January 11, 2007

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**VILLAGE OF MINERVA PARK
FRANKLIN COUNTY**

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VILLAGE OF MINERVA PARK
FRANKLIN COUNTY

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INDEPENDENT AUDITOR'S REPORT

Village of Minerva Park
Franklin County
2829 Minerva Lake Rd.
Columbus, Ohio 43231

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Minerva Park, Franklin County, Ohio (the Village), as of and for the years ended December 31, 2005 and 2004, which collectively comprise the Village's basic financial statements as listed in the table of contents. 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 audits.

We conducted our audits 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 audits provide a reasonable basis for our opinion.

As discussed in Note 2, the accompanying financial statements and notes follow the modified cash basis of accounting. This is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Minerva Park, Franklin County, Ohio, as of December 31, 2005 and 2004, and the respective changes in modified cash financial position and the respective budgetary comparisons for the General, Street Construction Maintenance and Repair and State Highway funds thereof for the year ended December 31, 2005 and the General and Street Construction Maintenance and Repair funds for the year ended December 31, 2004 in conformity with the basis of accounting Note 2 describes.

For the year ended December 31, 2004, the Village revised its financial statements presentation comparable to the requirements of Governmental Accounting Standard No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*.

In accordance with *Government Auditing Standards*, we have also issued a report dated November 3, 2006, 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 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 audits.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

Whalen & Company

Whalen & Company, CPAs
Worthington, Ohio

November 3, 2006

**VILLAGE OF MINERVA PARK
FRANKLIN COUNTY**

**Management's Discussion and Analysis
For the Year Ended December 31, 2005
Unaudited**

This discussion and analysis of the Village of Minerva Park's (the Village) financial performance provides an overall review of the Village's financial activities for the year ended December 31, 2005, within the limitations of the Village's modified cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Village's financial performance.

Highlights

Key highlights for 2005 are as follows:

Net assets of governmental activities decreased \$116,186, or 21 percent, a significant change from the prior year. The funds most affected by the decrease in cash and cash equivalents were the Street and Maintenance Fund and the EMS Vehicle Fund, due to the 2005 Street Project and the EMS vehicle truck purchase; however, cost increases affected most funds.

The Village's general receipts are primarily property and income taxes. These receipts represent respectively 41 and 12 percent of the total cash received for governmental activities during the year. Property Taxes changed little from 2004; it was down approximately \$1,000 in the General Fund. This is due to the fact that recent Property Tax issues have been placed on the ballot at replacement level rather than renewal, keeping the tax base relatively level. The Income Tax for Minerva Park was a new tax for the year 2005, voted in by the residents of the Village of Minerva Park in November 2004, at 1% rate, with .5% credit. This receipt therefore was a new line item for the Village on its 2005 year end reports. The total income tax revenue collected for the Village by RITA ended at \$129,891. This tax enabled the Village to continue to operate the General Fund in the black, and allowed us to keep services at the same level or higher for the year 2005. It is unknown at this time the exact amount of money that the income tax will generate for the Village each year until the year end income tax returns are in and returned to the Village by RITA. At that time, the Village will then have a better idea of the total income tax revenue that will be generated by the 1% income tax, allowing for more accurate budgeting in the future. State Funding decreased for 2005. These receipts are the Local Government Fund and the Local Government Assistance Fund. The Money is deposited by EFT into Fifth Third Bank from the Franklin County Auditor's Office for the State of Ohio. Charges for services revenue were higher due to an escrow account still in holding for the Hawthorne School water line project. Some of this retainer will be returned to the company after a one year period, to ensure that work done on the Village's street at the entrance to the school will remain in good shape for the Village.

The Village embarked upon a major street construction and Maintenance project for 2005. This was in the Wildwood Road, and Woodley Road area. It was a mill and fill, with structural and sewer work included. This project was totally funded by the Village from the Special Revenue Fund, Street Construction and Maintenance, at a total cost of \$92,259. This street project was greatly needed and appreciated by area residents because the roads had not been maintained in many years. The revenues for the Street and Maintenance Fund for 2005 were \$71,329, down \$51,103, 2004 total \$122,432. Most of this increase revenue in 2004 was from the Village asking Franklin County for its share of the progressive tax money to use for the 2004 Minerva Lake Road project.

VILLAGE OF MINERVA PARK FRANKLIN COUNTY

Management's Discussion and Analysis For the Year Ended December 31, 2005 Unaudited

The Village Police Department purchased a new cruiser in 2005, approximately \$15,000. The department also received two free Dell computers in 2005 through the Ohio Information Sharing program in the State of Ohio for local Police Departments. The department also purchased 2 new bicycles for the off road patrol abilities. This too was funded by a grant through the homeland security office. Total Capital outlay for the Police Department was \$18,995 for 2005, down from 2004 by \$26,162. The decrease in funds needed for 2005 was two fold, first, better involvement of the Police Department in pursuing grant funds for such purchases, and two, in 2004 two police cars were purchased due to need. The department is trying to get on a three year cycle to purchase cars so that the Village only needs to buy one vehicle per year. The department also received with grant money 5 large and extra large hazardous response suits. This is so that if the need arose for the Police to respond and help with a hazardous chemical emergency, they would have the ability to do so, and be better protected from contaminates. In 2005, the EMS department updated the EMS Vehicle by purchasing a new truck but kept the old box on the vehicle. Fire Chief Rick Hoehstetter has applied for grants for new digital radios but the department has not received any as of the end of 2005.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Government's modified cash basis of accounting.

Report Components

The statement of net assets and the statement of activities provide information about the cash activities of the Village as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Village as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Village has elected to present its financial statements on a modified cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Village's modified cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the modified cash basis of accounting.

**VILLAGE OF MINERVA PARK
FRANKLIN COUNTY**

**Management's Discussion and Analysis
For the Year Ended December 31, 2005
Unaudited**

Reporting the Government as a Whole

The statement of net assets and the statement of activities reflect how the Village did financially during 2005, within the limitations of modified cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental and business-type activities of the Village at year end. The statement of activities compares cash disbursements with program receipts for each governmental program and business-type activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. This revenue is a very small percentage of the actual cost to operate these programs. The Village only charges for fingerprinting, building permits, and any non resident to use the community building. General receipts are all receipts not classified as program receipts. These include but are not limited to, property tax receipts, income tax receipts, fines from Mayor's Court, State and Local Fund money (LGF, LGRA), and fuel tax receipts. The comparison of cash disbursements with program receipts identifies how each governmental function or business-type activity draws from the Village's general receipts.

These statements report the Village's cash position and the changes in cash position. Keeping in mind the limitations of the modified cash basis of accounting, you can think of these changes as one way to measure the Village's financial health. Over time, increases or decreases in the Village's cash position is one indicator of whether the Village's financial health is improving or deteriorating. When evaluating the Village's financial condition, you should also consider other nonfinancial factors as well such as the Village's property tax base, the condition of the Village's capital assets and infrastructure, the extent of the Village's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property and income taxes.

In the statement of net assets and the statement of activities, we divide the Village into two types of activities:

Governmental activities - Most of the Village's basic services are reported here, including police, fire, streets and parks. State and federal grants and income and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Business-type activities – The Village has no business-type activities at this time.

Reporting the Government's Most Significant Funds

Fund financial statements provide detailed information about the Village's major funds – not the Village as a whole. The Village establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Village are split into three categories: governmental, proprietary and fiduciary.

**VILLAGE OF MINERVA PARK
FRANKLIN COUNTY**

**Management's Discussion and Analysis
For the Year Ended December 31, 2005
Unaudited**

Governmental Funds - Most of the Village's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Village's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Village's programs. The Village's significant governmental funds are presented on the financial statements in separate columns. The information for non-major funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Government's major governmental funds are the General Fund, Street Construction Maintenance and Repair Fund, State Highway Fund and the Sewer Capital Projects Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements. We describe this relationship in reconciliations presented with the governmental fund financial statements.

Proprietary Funds – none

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the Village. Fiduciary funds are not reflected on the government-wide financial statements because the resources of these funds are not available to support the Village's programs.

The Government as a Whole

Table 1 provides a summary of the Government's net assets for 2005 compared to 2004 on a modified cash basis:

(Table 1)

Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2005	2004	2005	2004	2005	2004
Assets						
Equity in Pool Cash						
and Cash Equivalents	\$ 441,237	\$ 557,423	\$ -	\$ -	\$ 441,237	\$ 557,423
Total Assets	441,237	557,423	-	-	441,237	557,423
Net Assets						
Restricted for:						
Debt Service	1,421	1,421	-	-	1,421	1,421
Capital Projects	86,924	145,635	-	-	86,924	145,635
Other Purposes	307,689	382,100	-	-	307,689	382,100
Unrestricted	45,203	28,267	-	-	45,203	28,267
Total Net Assets	\$ 441,237	\$ 557,423	\$ -	\$ -	\$ 441,237	\$ 557,423

**VILLAGE OF MINERVA PARK
FRANKLIN COUNTY**

**Management's Discussion and Analysis
For the Year Ended December 31, 2005
Unaudited**

As mentioned previously, net assets of governmental activities decreased \$116,186 or 21 percent during 2005. The primary reasons contributing to the decreases in cash balances are as follows:

- Anticipated slow growth in local tax receipts. There has been no increase in new housing in the Village for many years. The Village is land locked and expects no increase in property tax base except for increased property tax values, or the sale and development of the Minerva Lake Golf Course on the Village's South boundary. This being the first year for the income tax, the years revenues were less than anticipated due to the fact that 2005 was not a complete income tax year ending in April 2006. The Village should have stronger income tax revenue for the 2006 year.
- There was no significant increase in salaries for 2005. (Pool and Police increase in 2006)
- The Village had several streets that were in very poor condition that needed extensive repairs costing in excess of \$92,000.
- Health benefit costs were \$46,415.

**VILLAGE OF MINERVA PARK
FRANKLIN COUNTY**

**Management's Discussion and Analysis
For the Year Ended December 31, 2005
Unaudited**

(Table 2)
Changes in Net Assets

	Governmental Activities 2004	Governmental Activities 2005	Total Change
Receipts:			
Program Receipts:			
Charges for Services and Sales	\$ 44,223	\$ 62,173	\$ 17,950
Operating Grants and Contributions	58,896	74,329	15,433
Capital Grants and Contributions	107,719	180,768	73,049
Total Program Receipts	210,838	317,270	106,432
General Receipts:			
Property and Other Local Taxes	441,696	437,707	(3,989)
Income Taxes	-	129,891	129,891
Grants and Entitlements Not Restricted to Specific Programs	150,427	144,767	(5,660)
Interest	8,083	14,374	6,291
Miscellaneous	48,142	29,123	(19,019)
Total General Receipts	648,348	755,862	107,514
Total Receipts	859,186	1,073,132	213,946
Disbursements:			
General Government	199,210	213,385	14,175
Security of Persons and Property:	396,689	365,016	(31,673)
Public Health Services	1,030	150	(880)
Leisure Time Activities	6,878	5,744	(1,134)
Economic Development	3,272	4,668	1,396
Basic Utilities	108,915	109,485	570
Transportation	88,438	178,366	89,928
Capital Outlay	66,620	198,480	131,860
Principal Retirement	62,365	76,054	13,689
Interest and Fiscal Charges	33,489	37,970	4,481
Total Disbursements	966,906	1,189,318	222,412
Excess (Deficiency) Before Transfers	(107,720)	(116,186)	(223,906)
Transfers	-	-	-
Increase (Decrease) in Net Assets	(107,720)	(116,186)	(8,466)
Net Assets, Beginning of Year	665,143	557,423	(107,720)
Net Assets, End of Year	\$ 557,423	\$ 441,237	\$ (116,186)

Program receipts represent only 29.5 percent of total receipts in 2005 and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money, building permits and inspection fees, Mayor's Court fines, finger printing fees, water and sewer surcharges, DUI education fines, Mayor's Court Computer Fund, and street grants.

**VILLAGE OF MINERVA PARK
FRANKLIN COUNTY**

**Management's Discussion and Analysis
For the Year Ended December 31, 2005
Unaudited**

General receipts represent 70.5 percent of the Village's total receipts, and of this amount, over 75 percent are local taxes. State and federal grants and entitlements make up the majority of the balance of the Village's general receipts (19 percent). 6% other receipts are very insignificant and somewhat unpredictable revenue sources.

Disbursements for General Government represent the overhead costs of running the Village and the support services provided for the other Village activities. These include the costs of council, and the auditor, treasurer, Mayor's office, and maintenance, as well as internal services such as payroll and purchasing. Since these costs do not represent direct services to residents, we try to limit these costs to 19% of General Fund unrestricted receipts.

Security of Persons and Property are the costs of police and fire protection; Public Health Services is the health department; Leisure Time Activities are the costs of maintaining the parks and playing fields; and Transportation is the cost of maintaining the roads.

Governmental Activities

If you look at the Statement of Activities-modified cash basis report, you will see that the first column lists the major services provided by the Village. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for general government and security of persons and property, which account for 18 and 31 percent of all governmental disbursements, respectively. Transportation also represents a significant cost, about 15 percent and capital outlay was 17 percent. The next three columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Village that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)

Governmental Activities

	Total Cost of Services 2005	Net Cost of Services 2005
General Government	\$ 213,385	\$ 151,863
Security of Persons and Property	365,016	364,791
Public Health Services	150	150
Leisure Time Activities	5,744	5,744
Economic Development	4,668	4,017
Basic Utilities	109,485	12,591
Transportation	178,366	20,388
Capital Outlay	198,480	198,480
Principal Retirement	76,054	76,054
Interest and Fiscal Charges	37,970	37,970
Total Expenses	\$ 1,189,318	\$ 872,048

**VILLAGE OF MINERVA PARK
FRANKLIN COUNTY**

**Management's Discussion and Analysis
For the Year Ended December 31, 2005
Unaudited**

The dependence upon property and income tax receipts is apparent as a significant portion of governmental activities are supported through these general receipts.

The Government's Funds

Total governmental funds had receipts of \$1,073,132 and disbursements of \$1,189,318. The greatest change within governmental funds occurred within the Street and Maintenance Fund. The fund balance of the Street and Maintenance Fund decreased \$77,145 as the result of a street project in 2005 that was totally funded by the Village.

General Fund receipts were greater than disbursements by \$24,481 indicating that the General Fund is holding down expenses. The Police department, EMS and general government departments did a very good job at holding costs steady or decreasing costs while increasing services to the residents.

General Fund Budgeting Highlights

The Village's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During 2005, the Village amended its General Fund budget several times to reflect changing circumstances. Final budgeted receipts were slightly above original budgeted receipts despite slow growth in tax receipts. The difference between final budgeted receipts and actual receipts was not significant.

Final disbursements were budgeted at \$815,881 while actual disbursements were \$768,922. Although receipts failed to live up to expectations, appropriations were not reduced. The Village kept spending very close to budgeted amounts as demonstrated by the minor reported variances. The result is an increase in budgetary basis fund balance to \$37,148 in 2005.

Capital Assets and Debt Administration

Capital Assets

The Village does not currently keep track of its capital assets and infrastructure. The Village has acquired a software package to accomplish this task and is in the process of entering the necessary information. It is anticipated that this program will be fully functional for 2007 but reductions in staff may delay the implementation.

Debt

At December 31, 2005, the Village's outstanding debt included \$1,544,174 in general obligation bonds and loans issued for improvements to buildings and structures. Waterline loans, Lake dredging bonds and street construction projects make up all of the outstanding debt issued.

**VILLAGE OF MINERVA PARK
FRANKLIN COUNTY**

**Management's Discussion and Analysis
For the Year Ended December 31, 2005
Unaudited**

Current Issues

The challenge for all Governments is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on local taxes and have very little industry to support the tax base. Our newly prepared financial forecast predicts a surplus for 2006 and 2007. The Village officials will continue to monitor receipts and spending to maintain the great services we have here in the Village of Minerva Park. State and Federal legislative issues will continue to affect the Village and the elected officials of the Village will continue to seek out other avenues of revenue and grant possibilities.

Contacting the Government's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Village's finances and to reflect the Village's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Suzanne R. Coulter, Clerk-Treasurer, Village of Minerva Park, 2829 Minerva Lake Road, Columbus, Ohio 43231.

**VILLAGE OF MINERVA PARK
FRANKLIN COUNTY**

**Management's Discussion and Analysis
For the Year Ended December 31, 2004
Unaudited**

This discussion and analysis of the Village of Minerva Park's (the Village) financial performance provides an overall review of the Village's financial activities for the year ended December 31, 2004, within the limitations of the Village's modified cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Village's financial performance.

Highlights

Key highlights for 2004 are as follows:

Net assets of governmental activities decreased \$107,720, or 16 percent, a significant change from the prior year. The fund most affected by the decrease in cash and cash equivalents was the General Fund, which realized the greatest burden of increased costs in 2004; however, cost increases affected most funds.

The Village's general receipts are primarily property taxes. These receipts represent 51% of the total cash received for governmental activities during the year. General Fund property tax receipts for 2004 decreased by \$12,274 as compared to 2003. State Funding increased in 2004 by \$9,218 in the General Fund. Mayor's Court fines decreased in 2004, due to Police Officers not patrolling or writing tickets on Cleveland Ave. Interest also decreased in 2004.

A small streets project took place during 2004. Most other costs were normal operational costs for the year. Debt service remained the same.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Village's modified cash basis of accounting.

Report Components

The statement of net assets and the statement of activities provide information about the cash activities of the Village as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Village as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

**VILLAGE OF MINERVA PARK
FRANKLIN COUNTY**

**Management's Discussion and Analysis
For the Year Ended December 31, 2004
Unaudited**

Basis of Accounting

The *basis of accounting* is a set of guidelines that determine when financial events are recorded. The Village has elected to present its financial statements on a modified cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Village's modified cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the modified cash basis of accounting.

Reporting the Government as a Whole

The statement of net assets and the statement of activities reflect how the Village did financially during 2004, within the limitations of modified cash basis accounting. The statement of net assets presents the cash *balances and investments* of the governmental and business-type activities of the Village at year end. The statement of activities compares cash disbursements with program receipts for each governmental program and business-type activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function or business-type activity draws from the Village's general receipts.

These statements report the Village's cash position and the changes in cash position. Keeping in mind the limitations of the modified cash basis of accounting, you can think of these changes as one way to measure the Village's financial health. Over time, increases or decreases in the Village's cash position is one indicator of whether the Village's financial health is improving or deteriorating. When evaluating the Village's financial condition, you should also consider other non-financial factors as well such as the Village's property tax base, the condition of the Village's capital assets and infrastructure, the extent of the Village's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property and income taxes.

In the statement of net assets and the statement of activities, we divide the Village into two types of activities:

Governmental activities - Most of the Village's basic services are reported here, including police, fire, streets and parks. State and federal grants and income and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Business-type activities - The Village has no business-type activities at this time.

**VILLAGE OF MINERVA PARK
FRANKLIN COUNTY**

**Management's Discussion and Analysis
For the Year Ended December 31, 2004
Unaudited**

Reporting the Government's Most Significant Funds

Fund financial statements provide detailed information about the Village's major funds – not the Village as a whole. The Village establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Village are split into three categories: governmental, proprietary and fiduciary.

Governmental Funds - Most of the Village's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Village's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Village's programs. The Village's significant governmental funds are presented on the financial statements in separate columns. The information for non-major funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Village's major governmental funds are the General Fund, the Street Construction and Maintenance Fund and the EMS Vehicle Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements. We describe this relationship in reconciliations presented with the governmental fund financial statements.

Proprietary Funds – none

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the Village. Fiduciary funds are not reflected on the government-wide financial statements because the resources of these funds are not available to support the Village's programs.

The Government as a Whole

Table 1 provides a summary of the Village's net assets for 2004 compared to 2003 on a modified cash basis:

(Table 1)

Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2004	2003	2004	2003	2004	2003
Assets						
Equity in Pooled Cash						
and Cash Equivalents	\$ 557,423	\$ 665,143	\$ -	\$ -	\$ 557,423	\$ 665,143
Total Assets	557,423	665,143	-	-	557,423	665,143
Net Assets						
Restricted for:						
Debt Service	1,421	13,706	-	-	1,421	13,706
Capital Projects	145,635	139,432	-	-	145,635	139,432
Other Purposes	382,100	301,549	-	-	382,100	301,549
Unrestricted	28,267	210,456	-	-	28,267	210,456
Total Net Assets	\$ 557,423	\$ 665,143	\$ -	\$ -	\$ 557,423	\$ 665,143

**VILLAGE OF MINERVA PARK
FRANKLIN COUNTY**

**Management's Discussion and Analysis
For the Year Ended December 31, 2004
Unaudited**

As mentioned previously, net assets of governmental activities decreased \$107,720 or 16 percent during 2004. The primary reasons contributing to the decreases in cash balances are as follows:

- Anticipated flat growth in local property tax receipts.
- Increases in salaries for the Police Officers, the Mayor and Clerk Treasurer.
- The Village had several streets that were in very poor condition that needed extensive repairs costing in excess of \$63,000.

Table 2 reflects the changes in net assets in 2004. Since the Village did not prepare financial statements in this format for 2003, a comparative analysis of government-wide data has not been presented. In future years, when prior year information is available, a comparative analysis will be presented.

**VILLAGE OF MINERVA PARK
FRANKLIN COUNTY**

**Management's Discussion and Analysis
For the Year Ended December 31, 2004
Unaudited**

(Table 2)
Changes in Net Assets

	Governmental Activities 2004	Business Type Activities 2004	Total 2004
Receipts:			
Program Receipts:			
Charges for Services and Sales	\$ 44,223	\$ -	\$ 44,223
Operating Grants and Contributions	58,896	-	58,896
Capital Grants and Contributions	107,719	-	107,719
Total Program Receipts	210,838	-	210,838
General Receipts:			
Property and Other Local Taxes	441,696	-	441,696
Grants and Entitlements Not Restricted to Specific Programs	150,427	-	150,427
Interest	8,083	-	8,083
Miscellaneous	48,142	-	48,142
Total General Receipts	648,348	-	648,348
Total Receipts	859,186	-	859,186
Disbursements:			
General Government	199,210	-	199,210
Security of Persons and Property:	396,689	-	396,689
Public Health Services	1,030	-	1,030
Leisure Time Activities	6,878	-	6,878
Economic Development	3,272	-	3,272
Basic Utilities	108,915	-	108,915
Transportation	88,438	-	88,438
Capital Outlay	66,620	-	66,620
Principal Retirement	62,365	-	62,365
Interest and Fiscal Charges	33,489	-	33,489
Total Disbursements	966,906	-	966,906
Excess (Deficiency) Before Transfers	(107,720)	-	(107,720)
Transfers	-	-	-
Increase (Decrease) in Net Assets	(107,720)	-	(107,720)
Net Assets, January 1, 2004	665,143	-	665,143
Net Assets, December 31, 2004	\$ 557,423	\$ -	\$ 557,423

Program receipts represent only 25 percent of total receipts and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax money, building permits and inspection fees, Mayor's Court Fines, finger printing fees, water and sewer surcharges, DUI education fines, Mayor's Court Computer fines, and charges to a nearby Government for EMS services provided under contract.

**VILLAGE OF MINERVA PARK
FRANKLIN COUNTY**

**Management's Discussion and Analysis
For the Year Ended December 31, 2004
Unaudited**

General receipts represent 75 percent of the Village's total receipts, and of this amount, over 68 percent are local taxes. State and federal grants and entitlements make up the majority of the balance of the Village's general receipts (23 percent). Other receipts are very insignificant and somewhat unpredictable revenue sources.

Disbursements for General Government represent the overhead costs of running the Village and the support services provided for the other Village activities. These include the costs of council, and the auditor, treasurer, legal fees and maintenance. Since these costs do not represent direct services to residents, we try to limit these costs to 21% of General Fund unrestricted receipts.

Security of Persons and Property are the costs of police and fire protection; Public Health Services; Leisure Time Activities are the costs of maintaining the parks and playing fields; and Transportation is the cost of maintaining the roads.

Governmental Activities

If you look at the Statement of Activities, you will see that the first column lists the major services provided by the Village. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for general government and security of persons and property, which account for 21 and 41 percent of all governmental disbursements, respectively. Basic Utilities also represents a significant cost, about 11 percent. The next three columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Village that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)

Governmental Activities

	Total Cost of Services 2004	Net Cost of Services 2004
General Government	\$ 199,210	\$ 156,870
Security of Persons and Property	396,689	396,067
Public Health Services	1,030	1,030
Leisure Time Activities	6,878	6,878
Economic Development	3,272	1,389
Basic Utilities	108,915	66,196
Transportation	88,438	(34,836)
Capital Outlay	66,620	66,620
Principal Retirement	62,365	62,365
Interest and Fiscal Charges	33,489	33,489
Total Expenses	\$ 966,906	\$ 756,068

**VILLAGE OF MINERVA PARK
FRANKLIN COUNTY**

**Management's Discussion and Analysis
For the Year Ended December 31, 2004
Unaudited**

The dependence upon property and income tax receipts is apparent as a significant portion of governmental activities are supported through these general receipts.

The Government's Funds

Total governmental funds had receipts of \$859,186 and disbursements of \$966,906. The greatest change within governmental funds occurred within the General Fund. The fund balance of the General Fund decreased \$182,189 as the result of increased costs for salaries and benefits and not achieving anticipated growth in property tax receipts.

General Fund receipts were less than disbursements by \$169,449 indicating that the General Fund is in a deficit spending situation. It was the recommendation of the finance committee and the administration that a reduction in disbursements was preferable to requesting additional funds from the taxpayers. Some of these reductions have already been implemented for 2005. These cuts will not eliminate the need for additional funds (or additional cuts) in the future if the growth in property taxes remains stagnant. The first collection year for the new Village income tax will help to offset the deficit spending situation.

General Fund Budgeting Highlights

The Village's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During 2004, the Village amended its General Fund budget several times to reflect changing circumstances. Final budgeted receipts were slightly below original budgeted receipts due to slow growth in tax receipts. The difference between final budgeted receipts and actual receipts was not significant.

Final disbursements were budgeted at \$836,554 while actual disbursements were \$822,463. Although receipts failed to live up to expectations, appropriations were reduced. The Village kept spending very close to budgeted amounts as demonstrated by the minor reported variances. The result is a decrease in budgetary basis fund balance to \$23,877 in 2004.

Capital Assets and Debt Administration

Capital Assets

The Village does not currently keep track of its capital assets and infrastructure.

Debt

At December 31, 2004, the Village's outstanding debt includes in general obligation bonds for the Lake Dredging and issues (or OPWC loans) for improvements to waterline structures. For further information regarding the Village's debt, refer to the notes to the financial statements.

**VILLAGE OF MINERVA PARK
FRANKLIN COUNTY**

**Management's Discussion and Analysis
For the Year Ended December 31, 2004
Unaudited**

Current Issues

The challenge for all Governments is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on local taxes and have very little industry to support the tax base. Our newly prepared financial forecast predicts a slight excess for 2005. We reviewed our sources of revenue and determined that increases would come in 2005 from the newly voted and enacted income tax. We then reviewed the disbursement history of the Village. We have reduced planned expenses in areas where we felt it would have the least impact on services. All departments have been asked to reduce their spending for supplies by 5 percent in 2005.

Contacting the Government's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Village's finances and to reflect the Village's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Suzanne R. Coulter, Clerk-Treasurer, Village of Minerva Park, 2829 Minerva Lake Road, Columbus, Ohio 43231.

Village of Minerva Park
Franklin County
Statement of Net Assets - Modified Cash Basis
December 31, 2005

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$ 441,237</u>
<i>Total Assets</i>	<u><u>\$ 441,237</u></u>
Net Assets	
Restricted for:	
Capital Projects	86,924
Debt Service	1,421
Other Purposes	307,689
Unrestricted	<u>45,203</u>
<i>Total Net Assets</i>	<u><u>\$ 441,237</u></u>

See accompanying notes to the basic financial statements

Village of Minerva Park
Franklin County
Statement of Modified Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2005

	General	Street Construction	State Highway	Sewer Capital Projects	Other Governmental Funds	Total Governmental Funds
Assets						
Equity in Pooled Cash and Cash Equivalents	\$ 45,203	\$ 217,057	\$ 50,175	\$ 50,235	\$ 78,567	\$ 441,237
<i>Total Assets</i>	<u>\$ 45,203</u>	<u>\$ 217,057</u>	<u>\$ 50,175</u>	<u>\$ 50,235</u>	<u>\$ 78,567</u>	<u>\$ 441,237</u>
Fund Balances						
Reserved for Encumbrances	8,055	1,526	-	-	-	9,581
Unreserved:						
Undesignated (Deficit), Reported in:						
General Fund	37,148	-	-	-	-	37,148
Special Revenue Funds	-	215,531	50,175	-	40,457	306,163
Debt Service Funds	-	-	-	-	1,421	1,421
Capital Projects Funds	-	-	-	50,235	36,689	86,924
<i>Total Liabilities and Fund Balances</i>	<u>\$ 45,203</u>	<u>\$ 217,057</u>	<u>\$ 50,175</u>	<u>\$ 50,235</u>	<u>\$ 78,567</u>	<u>\$ 441,237</u>

Village of Minerva Park
Franklin County
Statement of Cash Receipts, Disbursements, and Changes in Modified Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2005

	General	Street Construction	State Highway	Sewer Capital Projects	Other Governmental Funds	Total Governmental Funds
Receipts						
Municipal Income Taxes	\$ 129,891	\$ -	\$ -	\$ -	\$ -	\$ 129,891
Property and Other Local Taxes	408,389	-	-	-	29,318	437,707
Special Assessments	-	-	-	9,122	87,772	96,894
Charges for Services	20,822	-	-	-	-	20,822
Fines, Licenses and Permits	40,285	-	-	-	1,065	41,350
Intergovernmental	144,768	69,370	4,733	-	84,100	302,971
Interest	12,149	1,959	162	-	104	14,374
Miscellaneous	29,044	-	-	-	79	29,123
<i>Total Receipts</i>	<u>785,348</u>	<u>71,329</u>	<u>4,895</u>	<u>9,122</u>	<u>202,438</u>	<u>1,073,132</u>
Disbursements						
Current:						
General Government	213,385	-	-	-	-	213,385
Security of Persons and Property	361,381	-	-	-	3,635	365,016
Public Health Services	150	-	-	-	-	150
Leisure Time Activities	5,744	-	-	-	-	5,744
Economic Development	4,668	-	-	-	-	4,668
Basic Utility Services	109,485	-	-	-	-	109,485
Transportation	29,892	148,474	-	-	-	178,366
Capital Outlay	36,162	-	-	1,347	160,971	198,480
Debt Service:						
Principal Retirement	-	-	-	-	76,054	76,054
Interest and Fiscal Charges	-	-	-	-	37,970	37,970
<i>Total Disbursements</i>	<u>760,867</u>	<u>148,474</u>	<u>-</u>	<u>1,347</u>	<u>278,630</u>	<u>1,189,318</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>24,481</u>	<u>(77,145)</u>	<u>4,895</u>	<u>7,775</u>	<u>(76,192)</u>	<u>(116,186)</u>
Other Financing Sources (Uses)						
Advances In	-	-	-	-	2,545	2,545
Advances Out	(2,545)	-	-	-	-	(2,545)
Transfers In	-	-	-	-	5,000	5,000
Transfers Out	(5,000)	-	-	-	-	(5,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(7,545)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,545</u>	<u>-</u>
<i>Net Change in Fund Balances</i>	16,936	(77,145)	4,895	7,775	(68,647)	(116,186)
<i>Fund Balances Beginning of Year</i>	<u>28,267</u>	<u>294,202</u>	<u>45,280</u>	<u>42,460</u>	<u>147,214</u>	<u>557,423</u>
<i>Fund Balances End of Year</i>	<u>\$ 45,203</u>	<u>\$ 217,057</u>	<u>\$ 50,175</u>	<u>\$ 50,235</u>	<u>\$ 78,567</u>	<u>\$ 441,237</u>

See accompanying notes to the basic financial statements

Village of Minerva Park
Franklin County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2005

	Budgeted Amounts			Variance with Final Budget Favorable (Unfavorable)
	Original	Final	Actual	
Receipts				
Municipal Income Taxes	\$ 150,000	\$ 150,000	\$ 129,891	\$ (20,109)
Property and Other Taxes	415,000	400,000	408,389	8,389
Charges for Services	600	22,000	20,822	(1,178)
Fines, Licenses and Permits	50,000	48,000	40,285	(7,715)
Intergovernmental	154,100	160,100	144,768	(15,332)
Interest	6,000	9,000	12,149	3,149
Miscellaneous	36,000	36,000	29,044	(6,956)
<i>Total Receipts</i>	<u>811,700</u>	<u>825,100</u>	<u>785,348</u>	<u>(39,752)</u>
Disbursements				
Current:				
General Government	214,594	226,998	215,972	11,026
Security of Persons and Property	416,135	382,003	361,771	20,232
Public Health Services	1,050	1,150	150	1,000
Leisure Time Activities	8,000	8,600	5,814	2,786
Economic Development	6,000	5,930	4,668	1,262
Basic Utility Services	100,700	114,000	109,485	4,515
Transportation	43,000	37,000	34,900	2,100
Capital Outlay	30,000	40,200	36,162	4,038
<i>Total Disbursements</i>	<u>819,479</u>	<u>815,881</u>	<u>768,922</u>	<u>46,959</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(7,779)</u>	<u>9,219</u>	<u>16,426</u>	<u>7,207</u>
Other Financing Sources (Uses)				
Advances Out	-	(2,545)	(2,545)	-
Transfers Out	-	(5,000)	(5,000)	-
<i>Total Other Financing Sources (Uses)</i>	<u>-</u>	<u>(7,545)</u>	<u>(7,545)</u>	<u>-</u>
<i>Net Change in Fund Balance</i>	<u>(7,779)</u>	<u>1,674</u>	<u>8,881</u>	<u>7,207</u>
<i>Fund Balance Beginning of Year</i>	<u>23,877</u>	<u>23,877</u>	<u>23,877</u>	<u>-</u>
Prior Year Encumbrances Appropriated	<u>4,390</u>	<u>4,390</u>	<u>4,390</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 20,488</u>	<u>\$ 29,941</u>	<u>\$ 37,148</u>	<u>\$ 7,207</u>

Village of Minerva Park
Franklin County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Street Construction Maintenance and Repair Fund
For the Year Ended December 31, 2005

	<u>Budgeted Amounts</u>			Variance with Final Budget Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Intergovernmental	\$ 59,000	\$ 59,000	\$ 69,370	\$ 10,370
Interest	2,500	2,500	1,959	(541)
<i>Total Receipts</i>	<u>61,500</u>	<u>61,500</u>	<u>71,329</u>	<u>9,829</u>
Disbursements				
Current:				
Transportation	50,000	150,000	150,000	-
<i>Total Disbursements</i>	<u>50,000</u>	<u>150,000</u>	<u>150,000</u>	<u>-</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>11,500</u>	<u>(88,500)</u>	<u>(78,671)</u>	<u>9,829</u>
<i>Net Change in Fund Balance</i>	11,500	(88,500)	(78,671)	9,829
<i>Fund Balance Beginning of Year</i>	294,202	294,202	294,202	-
Prior Year Encumbrances Appropriated	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 305,702</u>	<u>\$ 205,702</u>	<u>\$ 215,531</u>	<u>\$ 9,829</u>

See accompanying notes to the basic financial statements

Village of Minerva Park
Franklin County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
State Highway Fund
For the Year Ended December 31, 2005

	<u>Budgeted Amounts</u>			Variance with Final Budget Favorable (Unfavorable)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Intergovernmental	\$ 3,800	\$ 3,800	\$ 4,733	\$ 933
Interest	450	450	162	(288)
<i>Total Receipts</i>	<u>4,250</u>	<u>4,250</u>	<u>4,895</u>	<u>645</u>
Disbursements				
Current:				
Transportation	-	-	-	-
<i>Total Disbursements</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>4,250</u>	<u>4,250</u>	<u>4,895</u>	<u>645</u>
<i>Net Change in Fund Balance</i>	4,250	4,250	4,895	645
<i>Fund Balance Beginning of Year</i>	45,280	45,280	45,280	-
Prior Year Encumbrances Appropriated	-	-	-	-
<i>Fund Balance End of Year</i>	<u>\$ 49,530</u>	<u>\$ 49,530</u>	<u>\$ 50,175</u>	<u>\$ 645</u>

See accompanying notes to the basic financial statements

Village of Minerva Park
Franklin County
Statement of Fiduciary Net Assets - Modified Cash Basis
Fiduciary Funds
December 31, 2005

	<u>Agency</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 6,004
<i>Total Assets</i>	<u>\$ 6,004</u>
Net Assets	
Held in Trust for Various Deposits	<u>\$ 6,004</u>

See accompanying notes to the basic financial statements

Village of Minerva Park
Franklin County
Statement of Net Assets - Modified Cash Basis
December 31, 2004

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$ 557,423</u>
<i>Total Assets</i>	<u><u>\$ 557,423</u></u>
Net Assets	
Restricted for:	
Capital Projects	145,635
Debt Service	1,421
Other Purposes	382,100
Unrestricted	<u>28,267</u>
<i>Total Net Assets</i>	<u><u>\$ 557,423</u></u>

See accompanying notes to the basic financial statements

Village of Minerva Park
Franklin County
Statement of Modified Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2004

	General	Street Construction	EMS Vehicle	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$ 28,267	\$ 294,202	\$ 88,106	\$ 146,848	\$ 557,423
<i>Total Assets</i>	<u>\$ 28,267</u>	<u>\$ 294,202</u>	<u>\$ 88,106</u>	<u>\$ 146,848</u>	<u>\$ 557,423</u>
Fund Balances					
Reserved for Encumbrances	4,390	-	-	-	4,390
Unreserved:					
Undesignated (Deficit), Reported in:					
General Fund	23,877	-	-	-	23,877
Special Revenue Funds	-	294,202	-	87,898	382,100
Debt Service Funds	-	-	-	1,421	1,421
Capital Projects Funds	-	-	88,106	57,529	145,635
<i>Total Liabilities and Fund Balances</i>	<u>\$ 28,267</u>	<u>\$ 294,202</u>	<u>\$ 88,106</u>	<u>\$ 146,848</u>	<u>\$ 557,423</u>

See accompanying notes to the basic financial statements

Village of Minerva Park
Franklin County
Statement of Cash Receipts, Disbursements, and Changes in Modified Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2004

	General	Street Construction	EMS Vehicle	Other Governmental Funds	Total Governmental Funds
Receipts					
Property and Other Local Taxes	\$ 409,771	\$ -	\$ -	\$ 31,925	\$ 441,696
Special Assessments	-	-	-	42,719	42,719
Charges for Services	428	-	-	-	428
Fines, Licenses and Permits	42,475	-	-	1,320	43,795
Intergovernmental	150,427	119,949	-	3,947	274,323
Interest	4,781	2,483	-	819	8,083
Miscellaneous	40,742	-	4,000	3,400	48,142
<i>Total Receipts</i>	<u>648,624</u>	<u>122,432</u>	<u>4,000</u>	<u>84,130</u>	<u>859,186</u>
Disbursements					
Current:					
General Government	199,210	-	-	-	199,210
Security of Persons and Property	391,009	-	-	5,680	396,689
Public Health Services	1,030	-	-	-	1,030
Leisure Time Activities	6,878	-	-	-	6,878
Economic Development	3,272	-	-	-	3,272
Basic Utility Services	108,915	-	-	-	108,915
Transportation	42,750	45,688	-	-	88,438
Capital Outlay	65,009	-	-	1,611	66,620
Debt Service:					
Principal Retirement	-	-	-	62,365	62,365
Interest and Fiscal Charges	-	-	-	33,489	33,489
<i>Total Disbursements</i>	<u>818,073</u>	<u>45,688</u>	<u>-</u>	<u>103,145</u>	<u>966,906</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(169,449)</u>	<u>76,744</u>	<u>4,000</u>	<u>(19,015)</u>	<u>(107,720)</u>
Other Financing Sources (Uses)					
Transfers In	-	-	-	12,740	12,740
Transfers Out	(12,740)	-	-	-	(12,740)
<i>Total Other Financing Sources (Uses)</i>	<u>(12,740)</u>	<u>-</u>	<u>-</u>	<u>12,740</u>	<u>-</u>
<i>Net Change in Fund Balances</i>	<u>(182,189)</u>	<u>76,744</u>	<u>4,000</u>	<u>(6,275)</u>	<u>(107,720)</u>
<i>Fund Balances Beginning of Year</i>	<u>210,456</u>	<u>217,458</u>	<u>84,106</u>	<u>153,123</u>	<u>665,143</u>
<i>Fund Balances End of Year</i>	<u>\$ 28,267</u>	<u>\$ 294,202</u>	<u>\$ 88,106</u>	<u>\$ 146,848</u>	<u>\$ 557,423</u>

See accompanying notes to the basic financial statements

Village of Minerva Park
Franklin County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Favorable (Unfavorable)
Receipts				
Property and Other Taxes	\$ 425,000	\$ 409,771	\$ 409,771	\$ -
Charges for Services	600	428	428	-
Fines, Licenses and Permits	70,650	42,900	42,475	(425)
Intergovernmental	142,525	150,925	150,427	(498)
Interest	7,000	4,781	4,781	-
Miscellaneous	25,000	40,742	40,742	-
<i>Total Receipts</i>	<u>670,775</u>	<u>649,547</u>	<u>648,624</u>	<u>(923)</u>
Disbursements				
Current:				
General Government	224,600	208,441	203,210	5,231
Security of Persons and Property	407,374	391,658	391,399	259
Public Health Services	1,800	1,030	1,030	-
Leisure Time Activities	10,500	7,000	6,878	122
Economic Development	7,000	3,300	3,272	28
Basic Utility Services	119,000	112,350	108,915	3,435
Transportation	45,000	42,750	42,750	-
Capital Outlay	63,000	70,025	65,009	5,016
<i>Total Disbursements</i>	<u>878,274</u>	<u>836,554</u>	<u>822,463</u>	<u>14,091</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(207,499)</u>	<u>(187,007)</u>	<u>(173,839)</u>	<u>13,168</u>
Other Financing Sources (Uses)				
Transfers Out	(2,950)	(12,750)	(12,740)	10
<i>Total Other Financing Sources (Uses)</i>	<u>(2,950)</u>	<u>(12,750)</u>	<u>(12,740)</u>	<u>10</u>
<i>Net Change in Fund Balance</i>	<u>(210,449)</u>	<u>(199,757)</u>	<u>(186,579)</u>	<u>13,178</u>
<i>Fund Balance Beginning of Year</i>	199,411	199,411	199,411	-
Prior Year Encumbrances Appropriated	11,045	11,045	11,045	-
<i>Fund Balance End of Year</i>	<u>\$ 7</u>	<u>\$ 10,699</u>	<u>\$ 23,877</u>	<u>\$ 13,178</u>

Village of Minerva Park
Franklin County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Street Construction Maintenance and Repair Fund
For the Year Ended December 31, 2004

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Favorable (Unfavorable)
Receipts				
Intergovernmental	\$ 49,000	\$ 120,000	\$ 119,949	\$ (51)
Interest	<u>2,500</u>	<u>2,500</u>	<u>2,483</u>	<u>(17)</u>
<i>Total Receipts</i>	<u>51,500</u>	<u>122,500</u>	<u>122,432</u>	<u>(68)</u>
Disbursements				
Current:				
Transportation	<u>40,015</u>	<u>115,015</u>	<u>45,688</u>	<u>69,327</u>
<i>Total Disbursements</i>	<u>40,015</u>	<u>115,015</u>	<u>45,688</u>	<u>69,327</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>11,485</u>	<u>7,485</u>	<u>76,744</u>	<u>69,259</u>
<i>Net Change in Fund Balance</i>	11,485	7,485	76,744	69,259
<i>Fund Balance Beginning of Year</i>	212,443	212,443	212,443	-
Prior Year Encumbrances Appropriated	<u>5,015</u>	<u>5,015</u>	<u>5,015</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 228,943</u>	<u>\$ 224,943</u>	<u>\$ 294,202</u>	<u>\$ 69,259</u>

Village of Minerva Park
Franklin County
Statement of Fiduciary Net Assets - Modified Cash Basis
Fiduciary Funds
December 31, 2004

	<u>Agency</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 4,219
<i>Total Assets</i>	<u>\$ 4,219</u>
Net Assets	
Held in Trust for Various Deposits	<u>\$ 4,219</u>

See accompanying notes to the basic financial statements

VILLAGE OF MINERVA PARK
FRANKLIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2005 and 2004

NOTE 1 - THE REPORTING ENTITY

The Village of Minerva Park, Franklin County, (the Village) is a body corporate and politic established in 1940 to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio and Village Charter. The Village provides general governmental services, including refuse pickup, emergency medical services, and police services. The Village is directed by a publicly elected six member Council.

The Mayor, elected by the voters for a four-year term, is the head of the municipal government for ceremonial, administrative, and executive purposes, performs the judicial functions of the Village and presides at Council meetings.

A. Primary Government

The reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the Village consists of all funds, departments, boards and agencies that are not legally separate from the Village. The primary government provides the following services to its citizens: a mayor's court, police protection, emergency medical, recreation, planning, zoning, street maintenance and repair, refuse collection, recycling and general administrative services.

The Minerva Park Mayor's Court has been included in the Village's financial statements as an agency fund.

B. Component Units

Component units are legally separate organizations for which the Village is financially accountable. The Village is financially accountable for an organization if the Village appoints a voting majority of the organization's governing board and (1) the Village is able to significantly influence the programs or services performed or provided by the organization; or (2) the Village is legally entitled to or can otherwise access the organization's resources; the Village is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Village is obligated for the debt of the organization. The Village is also financially accountable for any organizations that are fiscally dependent on the Village in that the Village approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Village, are accessible to the Village and are significant in amount to the Village. There are no component units included as part of this report.

The Village is associated with a jointly organized organization. The Westerville, Minerva Park and Blendon Township Joint Hospital District is presented in Note 13 to the basic financial statements.

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

VILLAGE OF MINERVA PARK
FRANKLIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2005 and 2004

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 2C, these financial statements are presented on a modified cash basis of accounting. This modified cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the modified cash basis of accounting. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the modified cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. Following are the more significant of the Village's accounting policies.

A. Basis of Presentation

The Village's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the Village as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The statement of net assets presents the cash balance of the governmental activities of the Village at year-end. The statement of activities compares disbursements with program receipts for each of the Village's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Village is responsible. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational and capital requirements of a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a modified cash basis or draws from the Village's general receipts.

Fund Financial Statements

During the year, the Village segregates transactions related to certain Village functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Village at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

VILLAGE OF MINERVA PARK
FRANKLIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2005 and 2004

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

B. Fund Accounting

The Village uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. The funds of the Village are divided into two categories, governmental and fiduciary.

Governmental Funds

The Village classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other non-exchange transactions as governmental funds.

General Fund – The General Fund is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

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 money for maintaining and repairing highways located within the Village.

EMS Vehicle Fund – This fund receives monies for the purchase, maintenance and repair of the Village's Emergency Medical vehicle.

Sewer Capital Projects Fund – This fund receives sewer surcharges from residents for capital project necessary on the Village's sewers.

Fiduciary Funds

Fiduciary funds include pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs. If the agreement requires the Village to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund. Other trust funds are classified as expendable. Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village's agency fund accounts for deposits from various contractors, developers or individuals to insure compliance with the various Village ordinances.

C. Basis of Accounting

The Village's financial statements are prepared using the modified cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Village's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Village are described in the appropriate section in this note.

VILLAGE OF MINERVA PARK
FRANKLIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2005 and 2004

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

D. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations of ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Village Council may appropriate.

The appropriations ordinance is the Village Council's authorization to spend resources and sets limits on cash disbursements plus encumbrances at the level of control selected by the Village Council. The legal level of control has been established at the department level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Village Clerk Treasurer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the Village Council.

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Village Council during the year.

VILLAGE OF MINERVA PARK
FRANKLIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2005 and 2004

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

E. Cash and Investments

To improve cash management, cash received by the Village is pooled and invested. Individual fund integrity is maintained through Village records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

Cash and cash equivalents that are held separately in accounts at a financial institution for retainage and bond reserves and debt service are reported as "Cash and Cash Equivalents with Fiscal Agents".

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

During 2004, the Village invested in nonnegotiable certificates of deposit. The nonnegotiable certificates of deposit are reported at cost.

Interest earnings are allocated to Village funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2005 and 2004 were \$12,149 and \$4,781, respectively.

F. Restricted Assets

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. The Village has no restricted assets.

G. Inventory and Prepaid Items

The Village reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

H. Capital Assets

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

I. Interfund Receivables/Payables

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

VILLAGE OF MINERVA PARK
FRANKLIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2005 and 2004

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - CONTINUED

J. Accumulated Leave

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

K. Employer Contributions to Cost-Sharing Pension Plans

The Village recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Notes 9 and 10, the employer contributions include portions for pension benefits and for postretirement health care benefits.

L. Long-Term Obligations

The Village's modified cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor a capital outlay expenditure are reported at inception. Lease payments are reported when paid.

M. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for capital projects.

The Village's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

NOTE 3 - CHANGE IN BASIS OF ACCOUNTING

Last year the Village reported fund financial statements by fund type using the regulatory basis of accounting as prescribed by the State Auditor's Office. This year the Village has implemented the modified cash basis of accounting as described in Note 2. The fund financial statements now present each major fund in a separate column with non-major funds aggregated and presented in a single column, rather than a column for each fund type.

VILLAGE OF MINERVA PARK
FRANKLIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2005 and 2004

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General Fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the modified cash basis are outstanding year end encumbrances treated as cash disbursements (budgetary basis) rather than as a reservation of fund balance (modified cash basis) (and outstanding year end advances are treated as an other financing source or use (budgetary basis) rather than as an interfund receivable or payable (modified cash basis). The encumbrances outstanding at year end (budgetary basis) amounted to \$8,055 and \$4,390 in the General Fund for fiscal years 2005 and 2004, respectively and \$1,526 for the fiscal year 2005 in the Street Construction Maintenance and Repair Fund.

NOTE 5 - DEPOSITS AND INVESTMENTS

Monies held by the Village are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the Village treasury. Active monies must be maintained either as cash in the Village treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) account, or in money market deposit accounts.

Inactive deposits are public deposits that Council has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation or depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Village can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

VILLAGE OF MINERVA PARK
FRANKLIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2005 and 2004

NOTE 5 - DEPOSITS AND INVESTMENTS - CONTINUED

3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).
8. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
9. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies

Protection of the Village's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by collateral pledged to the Village by the financial institution, or by a collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Village, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions

Deposits

Custodial credit risk is the risk that in the event of bank failure, the Village will not be able to recover deposits or collateral securities that are in the possession of an outside party. At December 31, 2005 and December 31, 2004, the Village had a book balance of \$441,237 and \$557,423, respectively. At December 31, 2005, \$445,093 (\$509,005 at December 31, 2004) of the Village's bank balance of \$545,093 (\$703,311 at December 31, 2004) was exposed to custodial credit risk because those deposits were uninsured.

VILLAGE OF MINERVA PARK
FRANKLIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2005 and 2004

NOTE 5 - DEPOSITS AND INVESTMENTS - CONTINUED

The Village has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Village or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

As of December 31, 2005 and December 31, 2004, the Village had the following deposits:

	2005	2004
	<u>Carrying Value</u>	<u>Carrying Value</u>
Demand Deposits	\$ 355,773	\$ (51,585)
STAR Ohio	85,464	479,098
Certificates of Deposit	-	129,910
Total Portfolio	<u>\$ 441,237</u>	<u>\$ 557,423</u>

NOTE 6 - INCOME TAXES

The Village levies a municipal income tax of one percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Regional Income Tax Agency (RITA) either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

NOTE 7 - PROPERTY TAXES

Real property taxes become a lien on January 1 proceeding 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.

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

VILLAGE OF MINERVA PARK
FRANKLIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2005 and 2004

NOTE 8 - RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

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

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

NOTE 9 - DEFINED BENEFIT PENSION PLANS

A. Ohio Public Employees Retirement System

The Village participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contribution vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings.

The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

For the years ended December 31, 2005 and 2004, the Village's OPERS members contributed 8.5% of their gross wages. The Village also contributed an amount equal to 13.55% of participants' gross salaries. The Village has paid all contributions required through December 31, 2005. Ohio Revised Code provides statutory authority for member and employer contributions.

The Village's required contributions for pension obligation to the traditional and combined plans for the years ended December 31, 2005 and 2004 were \$11,969 and \$10,974, respectively. The full amount has been contributed for 2005 and 2004.

VILLAGE OF MINERVA PARK
FRANKLIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2005 and 2004

NOTE 9 - DEFINED BENEFIT PENSION PLANS – CONTINUED

B. Ohio Police and Fire Pension Fund

The Village contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple employer defined benefit pension plan. OP&F provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial information and required supplementary information for the plan. That report may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164.

Contribution rates are also prescribed by the Ohio Revised Code. For 2005 and 2004, members of OP&F contributed 10% of their wages to OP&F. The total employer contribution rate is 19.5 percent of covered payroll. The Village's required contributions for the years ended December 31, 2005 and 2004 were \$33,903 and \$33,138. The Village has paid all contributions required through December 31, 2005.

NOTE 10 - POSTEMPLOYMENT BENEFITS

A. Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in *GASB Statement No. 12, "Disclosure of Information on Postemployment Benefits other than Pension Benefits by State and Local Government Employers"*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2005 local government employer contribution rate was 13.55 percent of covered payroll (16.7 percent for public safety and law enforcement); 4.00 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entity age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2004, include a rate of return on investments of 8.00 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in the total payroll between .50 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase 4.00 percent annually.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually.

The number of active contributing participants in the traditional and combined plans was 376,109. OPERS's net assets available for payment of benefits at December 31, 2004 (the latest information available) were \$10.8 billion. The actuarially accrued liability and the unfunded actuarial liability were \$29.5 billion and \$18.7 billion, respectively.

VILLAGE OF MINERVA PARK
FRANKLIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2005 and 2004

NOTE 10 - POSTEMPLOYMENT BENEFITS – CONTINUED

In December 2001, the board adopted the Health Care “Choices” Plan. The Choices Plan will be offered to all persons newly hired in an OPERS covered position after January 1, 2004, with no prior service credit accumulated toward health care coverage. Choices will incorporate a cafeteria approach, offering a broader range of health care options. The Plan uses a graded scale from ten to thirty years to calculate a monthly health care benefit. This is in the ten-year “cliff” eligibility standard for the present Plan.

The benefit recipient will be free to select the option that meets their needs. Recipients will fund health care costs in excess of their monthly health care benefit. The Plan will also offer a spending account feature, enabling the benefit recipient to apply their allowance toward specific medical expenses, much like a Medical Spending Account.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS’ health care coverage to improve the financial solvency of the fund in response to increasing health care costs.

Under the HCPP, retirees eligible for health care coverage will receive a graded monthly allocation based on their years of service at retirement. The Plan incorporates a cafeteria approach, offering a broad range of health care options that allow benefit recipients to use their monthly allocation to purchase health care coverage customized to meet their individual needs. If the monthly allocation exceeds the cost of the options selected, the excess is deposited into a Retiree Medical Account that can be used to fund future health care expenses.

B. Ohio Police and Fire Pension Fund

The Ohio Police and Fire Pension Fund (OP&F) provides postretirement health care coverage to any person who receives or is eligible to receive a monthly service, disability or survivor benefit check or is a spouse or eligible dependent child of such person. An eligible dependent child is any child under the age of 18 whether or not the child is attending school, or under the age of 22 if attending school full-time or on a 2/3 basis.

The health care coverage provided by the retirement system is considered an Other Postemployment Benefit (OPEB) as described in *GASB Statement No. 12*. The Ohio Revised Code provides the authority allowing the Ohio Police and Fire Pension Fund’s board of trustees to provide health care coverage and states that health care costs paid from the funds of OP&F shall be included in the employer’s contribution rate. Health care funding and accounting is on a pay-as-you-go basis.

The total police employer contribution rate is 19.5 percent of covered payroll, of which 7.75 percent of covered payroll was applied to the postemployment health care program during 2004. In addition, since July 1, 1992, most retirees and survivors have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment. Beginning in 2001, all retirees and survivors have monthly health care contributions.

**VILLAGE OF MINERVA PARK
FRANKLIN COUNTY**
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2005 and 2004

NOTE 10 - POSTEMPLOYMENT BENEFITS – CONTINUED

The OP&F's total health care expense for the year ended December 31, 2004 (the latest information available) was \$102,173,796, which was net of member contributions of \$55,665,341. The number of OP&F participants eligible to receive health care benefits as of December 31, 2004, was 13,812 for police and 10,528 for firefighters.

NOTE 11 - DEBT

Debt outstanding at December 31, 2005 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Waterline Replacement Phase I – Ohio Public Works	\$ 68,388	0%
Waterline Replacement Phase II – Ohio Public Works	140,159	3%
Waterline Replacement Phase III – Ohio Public Works	325,342	3%
Waterline Replacement Phase IV – Ohio Public Works	371,124	3%
Lake Restoration Bond	225,000	4.8%
Minerva Lake Road Construction – Ohio Public Works	83,874	2%
Total deposits	<u>\$ 1,213,887</u>	

The Waterline Replacement loans from the Ohio Public Works Commissions (OPWC) relate to construction of waterlines within the Village. The OPWC initially approved \$1,125,360 in loans to the Village for these projects. The loans are being repaid in semi-annual installments, including interest, over 20 years.

The Village's Lake Restoration Bond was a voter approved \$365,000 general obligation bond to be used for the dredging and beautification of the Village's lakes. The loans will be repaid in annual installments, including interest, over a 17 year period.

The Minerva Lake Road loan from the OPWC relates to road constructions within the Village. The OPWC initially approved \$83,874 in loans to the Village for this project. The loan is being repaid in semi-annual installments, including interest, over a 16 year period.

**VILLAGE OF MINERVA PARK
FRANKLIN COUNTY**
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2005 and 2004

NOTE 11 - DEBT – CONTINUED

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

Year ending December 31:	Waterline Replacement Phase I Ohio Public Works	Waterline Replacement Phase II Ohio Public Works	Waterline Replacement Phase III Ohio Public Works
2006	\$ 11,398	\$ 16,327	\$ 25,752
2007	11,398	16,327	25,752
2008	11,398	16,327	25,752
2009	11,398	16,327	25,752
2010	11,398	16,327	25,752
Subsequent	11,398	81,637	283,274
Total	<u>\$ 68,388</u>	<u>\$ 163,272</u>	<u>\$ 412,034</u>

Year ending December 31:	Waterline Replacement Phase IV Ohio Public Works	Lake Restoration Bond	Minerva Lake Road Reconstruction
2006	\$ 28,682	\$ 30,800	\$ 843
2007	28,682	29,840	6,151
2008	28,682	28,880	6,151
2009	28,682	27,920	6,151
2010	28,682	26,960	6,151
Subsequent	329,837	143,000	73,818
Total	<u>\$ 473,247</u>	<u>\$ 287,400</u>	<u>\$ 99,265</u>

NOTE 12 - INTERFUND TRANSFERS

During 2005 and 2004 the following transfers were made:

	<u>2005</u>	<u>2004</u>
Transfers from the General Fund to:		
Waterline Phase IV	\$ -	\$ 5,906
Waterline Phase III	-	\$ 5,773
Waterline Phase II	-	\$ 1,061
EMS Vehicle	\$ 5,000	-

Transfers represent the allocation of unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

Advances were made from the General Fund to the Lake Restoration Debt Fund in 2005 in the amount of \$2,545. This amount was subsequently repaid to the General Fund in 2006.

VILLAGE OF MINERVA PARK
FRANKLIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
December 31, 2005 and 2004

NOTE 13 - JOINTLY GOVERNED ORGANIZATIONS

The Westerville, Minerva Park and Blendon Township Joint Hospital District is a jointly governed organization managed by a nine member board consisting of three elected officials from each of the governmental entities comprising the Joint Hospital District. The Joint Hospital District possesses its own budgeting and taxing authority and does not receive contributions or payments from its members. The participating members do not retain an ongoing financial interest or an ongoing financial responsibility for the Joint Hospital District.

OTHER REPORTS

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

To the Village Council
Village of Minerva Park
Franklin County
2829 Minerva Lake Road
Columbus, Ohio 43231

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Village of Minerva Park, Franklin County, Ohio (the Village) as of and for the years ended December 31, 2005 and 2004, which collectively comprise the Village's basic financial statements and have issued our report thereon dated November 3, 2006, wherein we noted the Village revised its financial presentation comparable to the requirements of Governmental Accounting Standard No. 34. 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 Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting to determine our auditing procedures in order to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses.

Compliance

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items #2005-001 and #2005-002.

We intend this report solely for the information and use of management and Village Council. It is not intended for anyone other than these specified parties

A handwritten signature in cursive script that reads "Whalen & Company".

Whalen & Company, CPAs
Worthington, Ohio

November 3, 2006

**VILLAGE OF MINERVA PARK
FRANKLIN COUNTY
SCHEDULE OF FINDINGS
December 31, 2005 and 2004**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING 2005-001

Ohio Rev. Code Section 9.38 indicates that monies should be deposited with the designated depository within 24 hours of collection and requires that monies be deposited on the next business day if the daily receipts amounts exceed \$1,000. If daily receipts do not exceed \$1,000 and the receipts can be safeguarded, the public office may adopt a policy permitting their officials who receive money to hold it past the next business day, but the deposit must be made no later than 3 business days after receiving it.

We noted instances where monies were deposited outside the requirements of Ohio Rev. Code Section 9.38. This practice increases the risk that cash could be stolen or lost. We recommend that the Village make every effort to deposit receipts in a timely manner to ensure proper accountability of public funds.

FINDING 2005-002

Ohio Rev. Code Section 5705.39 states that total appropriation from each fund shall not exceed the total estimated resources. No appropriations measure is to become effective until the county auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official estimate of resources.

It was noted during the audit that the total appropriations exceeded the total estimated resources as follows:

<u>Fund Type</u>	<u>Estimated Resources</u>	<u>Appropriations</u>	<u>Excess</u>
2004 Debt Service			
Lake Restoration Bond	\$ 35,890	\$ 38,522	\$ (2,632)

The Village did not receive a certificate from the county acknowledging that appropriations do not exceed estimated resources as the last submitted measure contained line items with appropriations greater than estimated resources. We recommend that the Village ensure that they obtain a certificate from the county showing appropriations do not exceed estimated resources.

**VILLAGE OF MINERVA PARK
FRANKLIN COUNTY**
SCHEDULE OF PRIOR AUDIT FINDINGS
December 31, 2005

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2003-001	Revised Code § 9.38 Deposits of public money	No	Finding 2005-001
2003-002	Revised Code § 5705.39 Appropriations from each fund should not exceed the total estimated resources	No	Finding 2005-002
2003-003	Revised Code § 5705.41 Expenditures from each fund should not exceed the total appropriations	Yes	Corrective action taken.



Mary Taylor, CPA
Auditor of State

VILLAGE OF MINERVA PARK

FRANKLIN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
JANUARY 25, 2007