



OHIO AUDITOR OF STATE
KEITH FABER



VILLAGE OF MINSTER
AUGLAIZE COUNTY
DECEMBER 31, 2023

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OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT

Village of Minster
Auglaize County
5 West Fourth Street
Minster, Ohio 45865

To the Village Council:

Report on the Audit of the Financial Statements

Unmodified and Adverse Opinions

We have audited the financial statements of the Village of Minster, Auglaize County, Ohio (the Village), which comprises the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2023, and the related notes to the financial statements.

Unmodified Opinion on Regulatory Basis of Accounting

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2023, and the related notes to the financial statements, in accordance with the financial reporting provisions which Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit, described in Note 1.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* section of our report, the accompanying financial statements do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village, as of December 31, 2023, or the changes in financial position or, where applicable, cash flows thereof for the year then ended.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are required to be independent of the Village, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 1 of the financial statements, the financial statements are prepared by the Village on the basis of the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements. The effects on the financial statements of the variances between the regulatory basis of accounting described in Note 1 and accounting principles generally accepted in the United States of America, although not reasonably determinable, are presumed to be material and pervasive.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Village's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Supplementary Information

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

The Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards is presented for purposes of additional analysis and is not a required part of the financial statements.

The schedule is the responsibility of management and derives from and relates directly to the underlying accounting and other records used to prepare the financial statements. We subjected this schedule to the auditing procedures we applied to the financial statements. We also applied certain additional procedures, including comparing and reconciling the schedule directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, this schedule is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 14, 2024, 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. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

November 14, 2024

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Village of Minster, Ohio

Auglaize County

*Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)*

All Governmental Fund Types

For the Year Ended December 31, 2023

	General	Special Revenue	Debt Service	Capital Projects	Combined Total
Cash Receipts					
Property and Other Local Taxes	\$738,283	\$314,417			\$1,052,700
Municipal Income Tax	5,310,147				5,310,147
Intergovernmental	142,294	371,960			514,254
Special Assessments			\$25,198	\$61,831	87,029
Charges for Services	69,787	8,453			78,240
Fines, Licenses and Permits	2,978	499			3,477
Earnings on Investments	158,258				158,258
Miscellaneous	258,889	9,379			268,268
<i>Total Cash Receipts</i>	<u>6,680,636</u>	<u>704,708</u>	<u>25,198</u>	<u>61,831</u>	<u>7,472,373</u>
Cash Disbursements					
Current:					
Security of Persons and Property	957,756	96,500			1,054,256
Leisure Time Activities	415,929				415,929
Community Environment	24,705				24,705
Transportation		715,027			715,027
General Government	613,763	122,553		2,750	739,066
Capital Outlay	130,626	512,719		2,280,811	2,924,156
Debt Service:					
Principal Retirement			25,886	150,000	175,886
Interest and Fiscal Charges			6,208	20,009	26,217
<i>Total Cash Disbursements</i>	<u>2,142,779</u>	<u>1,446,799</u>	<u>32,094</u>	<u>2,453,570</u>	<u>6,075,242</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>4,537,857</u>	<u>(742,091)</u>	<u>(6,896)</u>	<u>(2,391,739)</u>	<u>1,397,131</u>
Other Financing Receipts (Disbursements)					
Loans Issued				468,878	468,878
Other Debt Proceeds				114,647	114,647
Transfers In		600,000		4,068,429	4,668,429
Transfers Out	(3,626,759)			(1,650,000)	(5,276,759)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(3,626,759)</u>	<u>600,000</u>		<u>3,001,954</u>	<u>(24,805)</u>
<i>Net Change in Fund Cash Balances</i>	911,098	(142,091)	(6,896)	610,215	1,372,326
<i>Fund Cash Balances, January 1</i>	<u>2,832,487</u>	<u>868,392</u>	<u>14,336</u>	<u>1,541,965</u>	<u>5,257,180</u>
<i>Fund Cash Balances, December 31</i>	<u>\$3,743,585</u>	<u>\$726,301</u>	<u>\$7,440</u>	<u>\$2,152,180</u>	<u>\$6,629,506</u>

See accompanying notes to the basic financial statements

Village of Minster, Ohio
Auglaize County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Proprietary Fund Types
For the Year Ended December 31, 2023

	<u>Proprietary Fund Types</u>
	<u>Enterprise</u>
Operating Cash Receipts	
Charges for Services	\$15,751,882
Fines, Licenses and Permits	3,737
Miscellaneous	379,912
<i>Total Operating Cash Receipts</i>	<u>16,135,531</u>
Operating Cash Disbursements	
Personal Services	802,398
Employee Fringe Benefits	384,391
Contractual Services	11,277,823
Supplies and Materials	1,799,725
<i>Total Operating Cash Disbursements</i>	<u>14,264,337</u>
<i>Operating Income</i>	<u>1,871,194</u>
Non-Operating Receipts (Disbursements)	
Intergovernmental Receipts	861,313
Miscellaneous Receipts	(8,200)
Capital Outlay	(3,513,032)
Principal Retirement	(427,000)
Interest and Other Fiscal Charges	(64,794)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(3,151,713)</u>
<i>Income (Loss) before Transfers</i>	(1,280,519)
Transfers In	608,330
<i>Net Change in Fund Cash Balances</i>	(672,189)
<i>Fund Cash Balances, January 1</i>	<u>10,908,784</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$10,236,595</u></u>

See accompanying notes to the basic financial statements

Village of Minster, Ohio
Auglaize County
Combined Statement of Additions, Deductions
and Changes in Fund Balances (Regulatory Cash Basis)
All Fiduciary Fund Types
For the Year Ended December 31, 2023

	<u>Fiduciary Fund Types</u>
	<u>Custodial</u>
	<u>Other</u>
	<u>Custodial</u>
Additions	
Fines, Licenses and Permits for Distribution	\$4,558
<i>Total Additions</i>	<u>4,558</u>
Deductions	
Distributions to Other Governments	4,429
<i>Total Deductions</i>	<u>4,429</u>
<i>Net Change in Fund Balances</i>	129
<i>Fund Cash Balances, January 1</i>	<u>134</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$263</u></u>

See accompanying notes to the basic financial statements

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VILLAGE OF MINSTER
AUGLAIZE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

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

Joint Venture and Public Entity Risk Pool

The Village participates in one joint venture and a public entity risk pool. Notes 9 and 10 to the financial statements provides additional information for these entities. These organizations are: the Ohio Municipal Electric Generation Agency Joint Venture 5 (OMEGA JV5) and the Ohio Plan Risk Management Plan public entity risk pool.

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

B. Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provision of the Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). The basis is similar to the cash receipts and disbursements accounting basis. The Village recognizes receipts when received in cash rather than when earned and recognizes disbursements when paid rather than when liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved.)

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(C) permit.

C. Deposits and Investments

The Village's certificates of deposit are valued at cost.

D. Fund Accounting

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

1. General Fund:

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

VILLAGE OF MINSTER
AUGLAIZE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Special Revenue Funds:

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

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

3. Debt Service Funds:

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest. The Village had the following significant Debt Service Fund:

Other Debt Service – This fund accumulates special assessment resources for the payment of special assessment notes and bonds.

4. Capital Projects Funds:

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant Capital Projects Funds:

Capital Improvement Fund – This fund provides monies for the purchase of large equipment, vehicles, and buildings for the Village.

Northwest Development Fund - This fund provides monies, primarily via a transfer, the development in the northwest part of the Village.

Police Department Building Fund – This fund provides monies, primarily via a loan for the construction of an addition the Police Department Building

5. Enterprise Funds:

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

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

Sanitary Sewer Replacement Fund - This fund provides monies, primarily via a transfer, for the reconstruction of sanitary sewers.

VILLAGE OF MINSTER
AUGLAIZE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

6. Fiduciary Funds:

Fiduciary funds include private purpose trust funds and custodial funds. Trust funds account for assets held under a trust agreement meeting certain criteria.

Custodial funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Village's custodial fund accounts for monies from collections on fines imposed from tickets issued by the Village's police protection force. Funds collected, in part, are on behalf of the State of Ohio. In addition, funds are used for safety programs, computerization, and general Village operations.

E. Budgetary Process

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

1. Appropriations

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

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year-end are canceled, and appropriated in the subsequent year.

A summary of 2023 budgetary activity appears in Note 3.

F. Fund Balance

Fund Balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

VILLAGE OF MINSTER
AUGLAIZE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1. Non-spendable

The Village classifies assets as *non-spendable* when legally or contractually required to maintain the amounts intact.

2. Restricted

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

3. Committed

Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

4. Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

5. Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

For regulatory purposes, limited disclosure related to fund balance is included in Note 13.

G. Capital Assets

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

H. Unpaid Vacation and Sick Leave

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the basis of accounting used by the Village.

VILLAGE OF MINSTER
AUGLAIZE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Leases

The Village is the lessor or lessee in various leases (as defined by GASB 87) related to land, vehicles, and other equipment under noncancelable leases. Lease revenue and disbursements are recognized when they are received or paid.

The Village holds multiple leases for equipment and vehicles that are noncancelable leases that fit the criteria of GASB 87 leases including being the lessor of farmland for the production of crops, the lessee of copier, printer, mail machine, and fork lift noncancelable leases that have terms that are longer than one year.

2. DEPOSITS

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits and investments. A summary of the Village's deposit accounts are as follows:

<u>Deposits:</u>	<u>2023</u>
Demand Deposits	\$14,866,101
Treasury Bonds	\$1,000,000
Certificate of Deposits	<u>\$1,000,000</u>
Total Deposits 2023	\$16,866,101

Deposits: Deposits are insured by the Federal Deposit Insurance Corporation, or collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

3. BUDGETARY

Budgetary activity for the year ending December 31, 2023 follows:

2023 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$5,481,980	\$6,680,636	\$1,198,656
Special Revenue	\$1,495,450	\$1,304,708	(\$190,742)
Debt Service	\$40,000	\$25,198	(\$14,802)
Capital Projects	\$7,604,610	\$4,713,784	(\$2,890,826)
Enterprise Funds	\$22,329,834	\$17,605,174	(\$4,724,660)
Total	\$36,951,874	\$30,329,500	(\$6,622,374)

2023 Budgeted vs Actual Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$6,088,507	\$5,769,538	\$318,969
Special Revenue	\$1,953,735	\$1,446,799	\$506,936
Debt Service	\$40,124	\$32,094	\$8,030
Capital Projects	\$8,522,840	\$4,103,570	\$4,419,270
Enterprise Funds	\$26,409,983	\$18,277,363	\$8,132,620
Total	\$43,015,189	\$29,629,364	\$13,385,825

VILLAGE OF MINSTER
AUGLAIZE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

4. DEBT OBLIGATIONS

Village Debt outstanding at December 31, 2023 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Fifth Street Renovations	\$65,892	2.98%
Second Street / Garfield Street	\$81,136	1.99%
Sewer Improvement Bonds	\$3,730,000	1.58%
Capital Improvement Note	\$900,000	2.05%
Seventh St	\$109,884	3.84%
Police Dept Renovation	\$468,878	4.24%
Total Debt Obligations	\$5,355,790	

A. Capital Improvement Note:

The Village issued \$1,500,000 note in 2019 to be used for various capital improvements. Semiannual payments are due April 9 and October 9 at a rate of 2.05 percent with a maturity date of April 9, 2029. Principal balance at December 31, 2023 was \$900,000. The note will be repaid through the Capital Improvement Fund.

B. Sewer Improvement Bonds:

The Village issued \$6,050,000 in sewer improvement bonds in 2010. Semiannual payments are due on June 1 and December 1 through December 2040 at a varying rate of 1.25 percent to 6.85 percent. The Village also currently receives a Federal Subsidy that reimburses 45 percent of the interest associated with these bonds.

These bonds were refinanced through 15-year sewer improvement bonds for \$4,645,000 at a rate of 1.58 percent with maturity in 2035. Principal balance at December 31, 2023 was \$3,373,000. These bonds will be repaid through the waste water treatment plant debt service fund.

C. Fifth Street Renovations:

The Village issued a \$109,821 Note in 2019 for street renovations. Semiannual payments are due April 17 and October 17 at a rate of 2.98% with a maturity date of April 2, 2029. The principal balance at December 31, 2023 was \$65,892. The note will be repaid with special assessment receipts through the debt service fund.

D. Second Street / Garfield Street Renovations:

The Village issued a \$101,420 Note in 2021 for street renovations. Semiannual payments are due February 9 and August 9 at a rate of 1.99% with a maturity date of August 9, 2031. The principal balance at December 31, 2023 was \$81,136. The note will be repaid with special assessment receipts through the debt service fund.

E. 7th Street Renovations:

The Village issued a \$114,647 Note in 2023 for street renovations. Semiannual payments are due February 13 and August 13 at a rate of 3.84% with a maturity date of February 13, 2033. The principal balance at December 31, 2023 was \$109,884. The note will be repaid with special assessment receipts through the debt service fund.

VILLAGE OF MINSTER
AUGLAIZE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

4. DEBT OBLIGATIONS (Continued)

F. Police Renovations 2023 Loan:

The Village entered into an agreement with Minster Bank during 2023 for the renovations of the Police Station that included \$468,878 in principal balance at December 31, 2023. The Village is continuing to increase the loan balance as the project progresses, and making interest only payments prior to project completion.

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

Year Ending Dec 31	Capital Improvement Note		WWTP Renovation Bonds		Fifth Street Renovations		Second St/Garfield St Renovations		7th St Renovation	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2024	150,000	16,959	285,000	58,934	10,982	1,830	10,142	1,615	9,755	4,196
2025	150,000	13,833	290,000	54,431	10,982	1,493	10,142	1,413	10,150	3,802
2026	150,000	10,758	295,000	49,849	10,982	1,161	10,142	1,211	10,549	3,403
2027	150,000	7,683	295,000	45,188	10,982	829	10,142	1,009	10,964	2,988
2028	150,000	4,625	305,000	40,527	10,982	499	10,142	807	11,388	2,564
2029-2033	150,000	1,533	1,585,000	129,323	10,982	165	30,426	1,211	57,078	5,705
2034-2039			675,000	16,037						
Total	900,000	55,391	3,730,000	394,289	65,892	5,977	81,136	7,266	109,884	22,658

G. American Municipal Power Generating Station Project

The Village is a member of American Municipal Power (AMP) and has participated in the AMP Generating Station (AMPGS) Project. This project intended to develop a pulverized coal power plant in Meigs County, Ohio. The Village’s share was 5,381 kilowatts of a total 771,281 kilowatts, giving the Village 0.70 percent share. The AMPGS Project required participants to sign “take or pay” contracts with AMP. As such, the participants are obligated to pay any cost incurred for the project.

In November 2009, the participants voted to terminate the AMPGS Project due to projected escalating costs. All project costs incurred prior to the cancellation and related to the cancellation were therefore deemed impaired and participants were obligated to pay those incurred costs. In prior years, payment of these costs was not made required due to AMP’s pursuit of legal action to collect them from Bechtel. As a result of a March 2014 legal ruling, the AMP Board of Trustees on April 15, 2014 and the AMPGS participants on April 16, 2014 approved the collection of the impaired costs and provided the participants with an estimate of their liability. The Village’s estimated share of the impaired costs at March 31, 2014 was \$938,132. The Village received a credit of \$70,925 related to their participation in the AMP Fremont Energy Center (AFEC) Project, and another credit of \$243,355 related to the AMPGS costs deemed to have future benefit for the project participants, classified as Plant Held for Future Use (PHFU) leaving an estimated net impaired cost balance of \$632,852. Any additional costs (including line-of-credit interest and legal fees) or amounts received related to the project will impact, either positively or negatively, the Village’s net impaired cost balance. These amounts will be recorded as they become estimable.

In late 2016, AMP reached a Settlement in the Bechtel Corporation litigation. On December 8, 2016, at the AMPGS Participants meeting, options for the allocation of the Settlement funds were approved. The AMPGS Participants and the AMP Board of Trustees voted to allocate the Settlement among the participants and the AMP General Fund based on each participant’s original project share in kW including the AMP General Fund’s project share.

VILLAGE OF MINSTER
AUGLAIZE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

4. DEBT OBLIGATIONS (Continued)

Since March 31, 2014, the Village has made payments of \$657,605 to AMP toward its net impaired cost estimate. Also, since March 31, 2014, the Village's allocation of additional costs incurred by the project is \$11,669 and interest expense incurred on AMP's line-of-credit of \$24,319, resulting in a net impaired cost estimate at December 31, 2023 of \$2,235. The Village does have a potential PHFU Liability of \$283,392 resulting in a net potential liability of \$285,875, assuming the assets making up the PHFU (principally the land comprising the Meigs County site) have no value. Stranded costs as well as PHFU costs are subject to change as well as PHFU costs are subject to change, including future borrowing costs on the AMP line of credit. Activities include items such negative items as property taxes as well as positive items revenue from leases or sale of all or a portion of the Meigs County site property.

5. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Village Council. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, 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.

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

6. LOCAL INCOME TAX

The Village levies a municipal income tax of 1.5 percent on substantially all earned income arising from employment, residency, or business activity 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 Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually. Tax receipts credited to the Village amounted to \$5,310,147 in 2023.

7. DEFINE BENEFIT PENSION PLANS

Ohio Public Employees Retirement system

Most Village employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10%, of their gross salaries and the Village contributed an amount equaling 14%, of participants' gross salaries. The Village has paid all contributions required through December 31, 2023.

Ohio Police and Fire Retirement System

The Village's full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement healthcare and survivor and disability benefits.

VILLAGE OF MINSTER
AUGLAIZE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

7. DEFINE BENEFIT PENSION PLANS (Continued)

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. The Village has paid all contributions required through December 31, 2023.

Social Security

Several Village employees contributed to Social Security. This plan provides retirement benefits, including survivor and disability benefits to participants.

Employees contributed 6.2 percent of their gross salaries. The Village contributed an amount equal to 6.2 percent of participant's gross salaries. The Village has paid all contributions required through December 31, 2023.

8. POSTEMPLOYMENT BENEFITS

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualify benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan were 0 percent during calendar year 2023. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2023. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F changed its retiree health care model to a Stipend-based health care model. A Stipend funded by OP&F was placed in Individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.

Beginning January 1, 2022, OPERS changed from a group medical plan to a Health Reimbursement Arrangement plan that will be used to reimburse health care expenses.

9. RISK MANAGEMENT

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), a non-assessable, unincorporated non-profit associate providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

Effective November 1, 2016, the OPRM elected to participate in a property loss corridor deductible. The property corridor includes losses paid between 70% and 75%. In 2018, the casualty loss corridor was eliminated and the property corridor was adjusted to losses paid between 65% and 70%. Effective November 1, 2019, the property loss corridor was adjusted to losses between 60% and 67.5% and has remain unchanged. OPRM had 801 members as of December 31, 2023.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities, and equity at December 31, 2023.

VILLAGE OF MINSTER
AUGLAIZE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

	<u>OPRM</u>
Assets	\$23,113,969
Liabilities	<u>(16,078,587)</u>
Members' Equity	<u>\$ 7,035,109</u>

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

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

10. JOINT VENTURES WITH EQUITY INTEREST

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

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

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

Pursuant to the Agreement each participant has an obligation to pay its share of debt service on the Beneficial Interest Certificates (Certificates) from the revenues of its electric system, subject only to the prior payment of Operating & Maintenance Expenses (O&M) of each participant's System, and shall be on a parity with any outstanding and future senior electric system revenue bonds, notes, or other indebtedness payable from any revenues of the System.

On dissolution of OMEGA JV5, the net assets will be shared by the financing participants on a percentage of ownership basis. Under the terms of the Agreement each participant is to fix, charge and collect rates, fees and charges at least sufficient in order to maintain a debt coverage ratio equal to 110% of the sum of OMEGA JV5 debt service and any other outstanding senior lien electric system revenue obligations. As of December 31, 2023 Minster has met their debt coverage obligation.

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

VILLAGE OF MINSTER
AUGLAIZE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

10. JOINT VENTURES WITH EQUITY INTEREST (Continued)

OMEGA JV5 is managed by AMP, which acts as the joint venture's agent. During 1993 and 2001 AMP issued \$153,415,000 and \$13,899,981 respectively of 30-year fixed rate Beneficial Interest Certificates (Certificates) on behalf of the Financing Participants of OMEGA JV5. The 2001 Certificates accrete to a value of \$56,125,000 on February 15, 2030. The net proceeds of the bond issues were used to construct the OMEGA JV5 Project. On February 17, 2004 the 1993 Certificates were refunded by issuing 2004 Beneficial Interest Refunding Certificates in the amount of \$116,910,000, which resulted in a savings to the membership of \$34,951,833 from the periods 2005 through 2014. On February 15, 2014, all of the 2004 BIRCs were redeemed from funds held under the trust agreement securing the 2004 BIRCs and the proceeds of a promissory note issued to AMP by OMEGA JV5. This was accomplished with a draw on AMP's revolving credit facility. The resulting balance was \$65,891,509 at February 28, 2014.

On January 29, 2016, OMEGA JV5 issued the 2016 Beneficial Interest Certificates ("2016 Certificates") in the amount of \$49,745,000 for the purpose of refunding the promissory note to AMP in full. The outstanding amount on the promissory note had been reduced to \$49,243,377 at the time of refunding as compared to its value at December 31, 2015 of \$49,803,187. The promissory note represented the February 2014 redemption of the 2004 Certificates from funds held under the trust agreement securing the 2004 BIRCs.

The Village's net investment to date in OMEGA JV5 was \$59,459 at December 31, 2023. Complete financial statements for OMEGA JV5 may be obtained from AMP or from the State Auditor's website at www.auditor.state.oh.us.

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VILLAGE OF MINSTER
AUGLAIZE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

11. SEGMENT INFORMATION FOR THE ELECTRIC FUND

The Village maintains two enterprise funds to account for the operation of the electric utility. The table below reflects, in summarized format, the more significant financial data relating to the Electric Fund and the Electric System Upgrade Fund for the year ended December 31, 2023.

	Electric Fund	Electric System Upgrade	Other Enterprise Funds	Total Enterprise Funds
Operating Revenues:	\$13,220,740		\$2,914,791	\$16,135,531
Operating Expenses				
Personal Service	399,866		402,532	802,398
Employee Benefits	206,121		178,270	384,391
Contractual Service	10,726,737		551,086	11,277,823
Supplies & Materials	1,382,400		417,325	1,799,725
Total Operating Expenses	12,715,124		1,549,213	14,264,337
Operating Income/(Loss)	505,616		1,365,578	1,871,194
Intergovernmental Receipts			861,313	861,313
Miscellaneous Receipts			(8,200)	(8,200)
Capital Outlay	(586)		(3,512,446)	(3,513,032)
Redemption Principal			(427,000)	(427,000)
Interest Payments			(64,794)	(64,794)
Transfer In	493,330	500,000	893,672	1,887,002
Transfer Out	(500,000)		(778,672)	(1,278,672)
Net Receipts Over/(Under)				
Disbursements	498,360	500,000	(1,670,549)	(672,189)
Fund Balance, Beginning	4,923,161	1,294,377	4,691,246	10,908,784
Fund Balance, Ending	\$5,421,521	\$1,794,377	\$3,020,697	\$10,236,595

12. TRANSFERS

All the Village transfer are shown. These transfers require a resolution or ordinance by the Village Council in order for the transfer to be made:

Funds	Transfer In	Transfer Out
General Fund	\$0	\$3,626,759
Special Revenue:		
Public Works Department	\$600,000	
Capital Projects:		
Capital Improvements	\$2,443,429	\$1,650,000
State Issue 1	\$325,000	
Northwest Development	\$600,000	
Northeast Development	\$700,000	

VILLAGE OF MINSTER
AUGLAIZE COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2023

Enterprise:		
Water Operating		
Sewer Operating		\$778,672
Electric Operating	\$493,330	\$500,000
Swimming Pool	\$90,000	
Water Plant Expansion		
WWTP Renovation	\$328,672	
Sanitary Sewer Replacement	\$25,000	
Debt Service on WWTP	\$450,000	
Electric System Upgrade	\$500,000	
Total	\$6,555,431	\$6,555,431

The table above includes transfers to funds within the same financial statement opinion unit. These have been eliminated on the *Combined Statement of Receipts, Disbursements, and Changes in Fund Balances*.

Transfer out of the Capital Improvement Fund were to pay for capital improvements in other capital projects funds. Transfers out of Enterprise Funds were to other Enterprise Funds for capital improvements or debt service.

13. FUND BALANCES

Included in fund balance are amounts the Village cannot spend, including the balance of unclaimed monies which cannot be spent for five years and the undependable corpus of the permanent funds. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the Village had no encumbrances.

The fund balance of special revenue funds is restricted. The fund balance of debt service funds and capital projects fund is restricted, committed, or assigned. These restricted, committed, and assigned amounts in the special revenue, debt service, and capital projects funds would include outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

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**VILLAGE OF MINSTER
AUGLAIZE COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED DECEMBER 31, 2023**

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Federal AL Number	Pass Through Entity Identifying Number	Total Federal Expenditures
U.S. DEPARTMENT OF TREASURY			
<i>Passed Through Ohio Department of Development</i>			
COVID - 19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	DEV-2021-180233	\$861,313
COVID - 19 - Coronavirus State and Local Fiscal Recovery Funds	21.027		113,510
Total U.S. Department of Treasury			974,823
Total Expenditures of Federal Awards			\$974,823

The accompanying notes are an integral part of this schedule.

**VILLAGE OF MINSTER
AUGLAIZE COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE YEAR ENDED 2023**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Village of Minster (the Village) under programs of the federal government for the year ended 2023. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the Village, it is not intended to and does not present the financial position, changes in net position, or cash flows of the Village.

NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Uniform Guidance wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement.

NOTE C – INDIRECT COST RATE

The Village has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

NOTE D- MATCHING REQUIREMENTS

Certain Federal programs require the Village to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The Village has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.

OHIO AUDITOR OF STATE KEITH FABER



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800-282-0370

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

Village of Minster
Auglaize County
5 West Fourth Street
Minster, Ohio 45865

To the Village Council:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (Government Auditing Standards), the financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2023 and the related notes to the financial statements of the Village of Minster, Auglaize County, (the Village) and have issued our report thereon dated November 14, 2024, wherein we noted the Village followed financial reporting provisions Ohio Rev. Code § 117.38 and Ohio Admin. Code 117-2-03(C) permit.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Village's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control. Accordingly, we do not express an opinion on the effectiveness of the Village's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings as item 2023-001 that we consider to be material weakness.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Village's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the Village's response to the finding identified in our audit and described in the accompanying schedule of finding and corrective action plan. The Village's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

November 14, 2024

OHIO AUDITOR OF STATE KEITH FABER



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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Village of Minster
Auglaize County
5 West Fourth Street
Minster, Ohio 45865

To the Village Council:

Report on Compliance for the Major Federal Program

Opinion on the Major Federal Program

We have audited the Village of Minster's, Auglaize County, (the Village) compliance with the types of compliance requirements identified as subject to audit in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on the Village of Minster's major federal program for the year ended December 31, 2023. The Village of Minster's major federal program is identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings.

In our opinion, the Village of Minster complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on its major federal program for the year ended December 31, 2023.

Basis for Opinion on the Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the *Auditor's Responsibilities for the Audit of Compliance* section of our report.

We are required to be independent of the Village and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the major federal program. Our audit does not provide a legal determination of the Village's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

The Village's Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to the Village's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Village's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Village's compliance with the requirements of the major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Village's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of the Village's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the Village's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the *Auditor's Responsibilities for the Audit of Compliance* section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of this testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

November 14, 2024

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**VILLAGE OF MINSTER
AUGLAIZE COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
DECEMBER 31, 2023**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Adverse under GAAP, Unmodified under regulatory basis
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	Yes
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material weaknesses in internal control reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR § 200.516(a)?	No
(d)(1)(vii)	Major Programs (list):	COVID-19 Coronavirus State and Local Fiscal Recovery Funds – AL# 21.027
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee under 2 CFR § 200.520?	No

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

FINDING NUMBER 2023-001

Material Weakness

In our audit engagement letter, as required by AU-C Section 210, Terms of Engagement, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

Due lack of policies and procedures over financial reporting, the following errors were identified in the financial statements:

- Special assessment revenues were overstated by \$114,647 and debt proceeds were understated by the same in the Capital Projects funds due to debt proceeds being misclassified.
- General fund charges for services were overstated by \$72,803 and miscellaneous revenue was understated by the same amount due to rental income and a tennis court reimbursement being misclassified.
- Water Tower Construction fund miscellaneous revenue was overstated by \$861,313 and intergovernmental revenue was understated by the same amount due to misclassification of the Water Tower Grant funding.
- Enterprise fund balance and transfers in were both understated by \$493,330 due to transfers not being included.
- Custodial fund revenue was overstated for charges for services and understated for fines, licenses, and permits for distribution by \$4,558 due to mayor court receipts being posted incorrectly.
- When compiling the financial statements for 2023, the Fiscal Officer inadvertently used an inaccurate balance for her beginning balance and a liability total versus actual for disbursements which resulted in the following errors:
 - General fund beginning fund balance was overstated by \$41,513, general government disbursements were overstated by \$62,241, and ending fund balance was understated by \$20,728.
 - Public Works Department fund beginning fund balance was overstated by \$11,657, transportation disbursements were overstated by \$29,256, and ending fund balance was understated by \$17,599.
 - Water Operating fund beginning fund balance was overstated by \$5,099, supplies and materials disbursements were overstated by \$8,910, and ending fund balance was understated by \$3,811.
 - Sewer Operating fund beginning fund balance was overstated by \$10,953, contractual services disbursements were overstated by \$16,085, and ending fund balance was understated by \$5,132.
 - Electric Operating fund beginning fund balance was overstated by \$19,789, contractual services disbursements were overstated by \$36,771, and ending fund balance was understated by \$16,978.
 - Swimming pool fund beginning fund balance was overstated by \$1,108, supplies and material disbursements were overstated by \$519, and ending fund balance was understated by \$589.

The accompanying financial statements and notes have been adjusted for these errors.

We also noted immaterial errors ranging from \$5,410 to \$113,907 that were not adjusted on the financial statements and which we have brought to management's attention.

Financial reporting errors impact the users' understanding of the financial statements and the ability of the Council and management to make sound financial decisions. Failure to properly report financial information could result in future audit adjustments.

Prior to filing, the annual financial statements and notes to the financial statements should be reviewed for errors and omissions. Also, governmental accounting resources such as those found on the Auditor of State website at: <http://www.ohioauditor.gov/references.html> can be utilized when recording transactions and preparing the annual financial statements and notes to the financial statements.

Officials' Response

Village Fiscal Officer will review what qualifies as each category on financial statement to ensure proper reporting.

3. FINDINGS FOR FEDERAL AWARDS

None

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

DECEMBER 31, 2023

Finding Number	Finding Summary	Status	Additional Information
2022-001	Financial Reporting – The Village had a material misclassification and fund balance changes requiring adjustment to the Financial Statements.	Not - Corrected	See Finding 2023-001.

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CORRECTIVE ACTION PLAN

2 CFR § 200.511(c)

DECEMBER 31, 2023

Finding Number: 2023-001

Planned Corrective Action: Village Fiscal Officer will review what qualifies as each category on financial statement to ensure proper reporting.

Anticipated Completion Date: 8/22/2024

Responsible Contact Person: Tricia LeDoux

OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF MINSTER

AUGLAIZE COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 12/10/2024

65 East State Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov