

**VILLAGE OF MINSTER
AUGLAIZE COUNTY, OHIO**

Financial Statements
(Audited)

For The Year Ended
December 31, 2001

JOHN STECHSCHULTE, CLERK



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
Columbus, Ohio 43215

Telephone 614-466-4514
800-282-0370

Facsimile 614-728-7398
www.auditor.state.oh.us

Mayor and Members of Council
Village of Minster
5 West Fourth Street, P.O. Box 1
Minster, OH 45865-0001

We have reviewed the Independent Auditor's Report of the Village of Minster, Auglaize County, prepared by Trimble, Julian & Grube, Inc., for the audit period January 1, 2001 through December 31, 2001. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink, appearing to read "Jim Petro".

JIM PETRO
Auditor of State

May 29, 2002

This Page is Intentionally Left Blank.

**VILLAGE OF MINSTER
AUGLAIZE COUNTY, OHIO**

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditor's Report	1
Combined Statement of Cash Fund Balances - All Fund Types - December 31, 2001	2
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Cash Fund Balances - All Governmental Fund Types and Similar Fiduciary Fund Type - For the Year Ended December 31, 2001	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Cash Fund Balances - All Proprietary Fund Types and Similar Fiduciary Fund Type - For the Year Ended December 31, 2001	4
Combined Statement of Cash Receipts, Cash Disbursements, and Encumbrances Compared with Expenditure Authority - Budget and Actual - For the Year Ended December 31, 2001	5
Notes to the Financial Statements	6 - 18
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	19 - 20
Status of Prior Audit Findings	21

TRIMBLE, JULIAN & GRUBE, INC.

"SERVING OHIO LOCAL GOVERNMENTS"

1445 Worthington Woods Boulevard
Suite B
Worthington, Ohio 43085

Telephone 614.846.1899
Facsimile 614.846.2799

Independent Auditor's Report

Mayor and Members of Council
Village of Minster
29 South Hanover St.
Minster, OH 45865

We have audited the accompanying financial statements of the Village of Minster, Auglaize County, as of and for the year ended December 31, 2001. These financial statements are the responsibility of the Village of Minster's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 2, the Village of Minster prepares its financial statements on the basis of accounting prescribed or permitted by Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances and fund balances of the Village of Minster, as of December 31, 2001, and its combined cash receipts and disbursements, combined budgeted and actual receipts and budgeted and actual disbursements for the year then ended on the basis of accounting described in Note 2.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 5, 2002, on our consideration of the Village of Minster's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

Trimble, Julian & Grube, Inc.
March 5, 2002

**VILLAGE OF MINSTER
AUGLAIZE COUNTY, OHIO**

COMBINED STATEMENT OF CASH FUND BALANCES -
ALL FUND TYPES -
DECEMBER 31, 2001

<u>Cash, Cash Equivalents and Investments:</u>	<u>2001</u>
Cash and Cash Equivalents	\$ 5,726,640
Investments	<u>1,403,377</u>
Total Cash, Cash Equivalents and Investments	<u><u>\$ 7,130,017</u></u>
 <u>Fund Balances</u>	
<u>Governmental Fund Types:</u>	
General Fund	\$ 714,827
Special Revenue Funds	254,719
Debt Service Funds	9,300
Capital Projects Funds	<u>1,339,080</u>
Total Governmental Fund Types	<u>2,317,926</u>
 <u>Proprietary Fund Type:</u>	
Enterprise Funds	<u>4,812,091</u>
Total Fund Balances	<u><u>\$ 7,130,017</u></u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**VILLAGE OF MINSTER
AUGLAIZE COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN CASH FUND BALANCES - ALL GOVERNMENTAL
FUND TYPES AND SIMILAR FIDUCIARY FUND TYPE -
FOR THE YEAR ENDED DECEMBER 31, 2001

	Governmental Fund Types				Fiduciary Fund Type	Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
Cash receipts:						
Local taxes	\$ 224,713	\$ -	\$ -	\$ -	\$ 2,177,932	\$ 2,402,645
Intergovernmental	334,291	155,511	-	-	-	489,802
Special assessments	-	-	51,775	36,706	-	88,481
Charges for services	169,196	520	-	-	-	169,716
Fines, licenses, and permits	12,143	730	-	-	-	12,873
Interest	286,707	9,155	-	-	-	295,862
Miscellaneous	30,723	3,694	-	-	-	34,417
Total cash receipts	<u>1,057,773</u>	<u>169,610</u>	<u>51,775</u>	<u>36,706</u>	<u>2,177,932</u>	<u>3,493,796</u>
Cash disbursements:						
Current:						
Security of persons and property	443,395	-	-	-	-	443,395
Public health services	1,086	-	-	-	-	1,086
Leisure time activities	-	149,357	-	-	-	149,357
Community environment	7,901	-	-	-	-	7,901
Transportation	-	452,853	-	-	-	452,853
General government	250,849	-	-	-	24,400	275,249
Capital outlay	67,115	37,479	-	1,389,471	-	1,494,065
Debt service:						
Principal retirement	-	-	40,826	150,000	-	190,826
Interest charges	-	-	12,263	60,000	-	72,263
Total cash disbursements	<u>770,346</u>	<u>639,689</u>	<u>53,089</u>	<u>1,599,471</u>	<u>24,400</u>	<u>3,086,995</u>
Total cash receipts over/(under) cash disbursements	<u>287,427</u>	<u>(470,079)</u>	<u>(1,314)</u>	<u>(1,562,765)</u>	<u>2,153,532</u>	<u>406,801</u>
Other financing receipts/(disbursements):						
Proceeds from sale of notes	-	-	-	4,847	-	4,847
Operating transfers in	830,258	520,264	2,039	665,386	-	2,017,947
Operating transfers out	(1,038,337)	-	-	(2,039)	(2,080,644)	(3,121,020)
Financing Sources	3,083	6,166	-	-	-	9,249
Other uses	-	-	-	-	(72,888)	(72,888)
Sale of land	-	-	-	62,810	-	62,810
Total other financing receipts/(disbursements)	<u>(204,996)</u>	<u>526,430</u>	<u>2,039</u>	<u>731,004</u>	<u>(2,153,532)</u>	<u>(1,099,055)</u>
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements	<u>82,431</u>	<u>56,351</u>	<u>725</u>	<u>(831,761)</u>	<u>-</u>	<u>(692,254)</u>
Cash fund balances, January 1, 2001	<u>632,396</u>	<u>198,368</u>	<u>8,575</u>	<u>2,170,841</u>	<u>-</u>	<u>3,010,180</u>
Cash fund balances, December 31, 2001	<u>\$ 714,827</u>	<u>\$ 254,719</u>	<u>\$ 9,300</u>	<u>\$ 1,339,080</u>	<u>\$ -</u>	<u>\$ 2,317,926</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**VILLAGE OF MINSTER
AUGLAIZE COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN CASH FUND BALANCES - ALL PROPRIETARY
FUND TYPES AND SIMILAR FIDUCIARY FUND TYPE -
FOR THE YEAR ENDED DECEMBER 31, 2001

	Proprietary Fund Types		Fiduciary Fund Type	Total (Memorandum Only)
	Enterprise	Internal Service	Agency	
Operating cash receipts:				
Charges for services	\$ 5,141,128	\$ 34,866	\$ 168,716	\$ 5,344,710
Miscellaneous	145,766	-	-	145,766
Total operating cash receipts	<u>5,286,894</u>	<u>34,866</u>	<u>168,716</u>	<u>5,490,476</u>
Operating cash disbursements:				
Personal services	633,055	-	-	633,055
Employee fringe benefits	18,132	-	-	18,132
Contractual services	3,814,780	-	-	3,814,780
Supplies and material	633,094	34,866	-	667,960
Capital outlay	755,730	-	-	755,730
Total operating cash disbursements	<u>5,854,791</u>	<u>34,866</u>	<u>-</u>	<u>5,889,657</u>
Operating income	<u>(567,897)</u>	<u>-</u>	<u>168,716</u>	<u>(399,181)</u>
Nonoperating cash receipts/(disbursements):				
Receipt from interfund loan	150,000	-	-	150,000
Interest from interfund loan	60,000	-	-	60,000
Debt service:				
Principal	(119,787)	-	-	(119,787)
Interest	(170,903)	-	-	(170,903)
Other nonoperating disbursements	(7,650)	-	(168,716)	(176,366)
Total nonoperating cash receipts/(disbursements)	<u>(88,340)</u>	<u>-</u>	<u>(168,716)</u>	<u>(257,056)</u>
Income before operating transfers	(656,237)	-	-	(656,237)
Transfers in	<u>1,103,073</u>	<u>-</u>	<u>-</u>	<u>1,103,073</u>
Net income	446,836	-	-	446,836
Cash fund balances, January 1, 2001	<u>4,365,255</u>	<u>-</u>	<u>-</u>	<u>4,365,255</u>
Cash fund balances, December 31, 2001	<u>\$ 4,812,091</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,812,091</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**VILLAGE OF MINSTER
AUGLAIZE COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND ENCUMBRANCES COMPARED WITH EXPENDITURE
AUTHORITY - BUDGET AND ACTUAL -
FOR THE YEAR ENDED DECEMBER 31, 2001

Fund Types	County Certified Unencumbered Cash	Receipts				Disbursements				Variance Favorable (Unfavorable)		
		Budget	Total Estimated Resources	Actual 2001 Receipts	Variance Favorable (Unfavorable)	Prior Year Carryover Appropriations	2001 Appropriations	Total	Actual 2001 Disbursements		Encumbrances Outstanding at 12/31/01	
Governmental:												
General	\$ 632,397	\$ 2,273,560	\$ 1,888,031	\$ 246,868	\$ -	\$ 1,831,464	\$ 1,831,464	\$ 1,808,683	\$ -	\$ 1,808,683	\$ 22,781	
Special Revenue	198,370	814,711	689,874	73,533	-	724,191	724,191	639,689	-	639,689	84,502	
Debt Service	8,576	63,315	53,814	(925)	-	56,959	56,959	53,089	-	53,089	3,870	
Capital Projects	2,170,841	4,967,301	769,749	(2,026,711)	-	4,188,942	4,188,942	1,601,510	-	1,601,510	2,587,432	
Proprietary:												
Enterprise	4,365,255	11,225,734	6,539,967	(320,512)	-	7,021,779	7,021,779	6,153,131	-	6,153,131	868,648	
Internal Service	-	40,000	34,866	(5,134)	-	40,000	40,000	-	-	-	40,000	
Fiduciary:												
Expendable Trust	-	2,620,000	2,177,932	(442,068)	-	2,620,000	2,620,000	2,105,044	-	2,105,044	514,956	
Total	\$ 7,375,439	\$ 22,004,621	\$ 12,154,233	\$ (2,474,949)	\$ -	\$ 16,483,335	\$ 16,483,335	\$ 12,361,146	\$ -	\$ 12,361,146	\$ 4,122,189	

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**VILLAGE OF MINSTER
AUGLAIZE COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2001

NOTE 1 - DESCRIPTION OF THE ENTITY

The Village of Minster (the “Village”) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The Village operates under a council-mayor form of government and provides the following services: fire and police protection, water, electric, sewer, street maintenance and repair, as well as other general government services.

Management believes the financial statements included in this report represent all of the funds of the Village over which the Village officials have direct operating control.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The most significant of the Village’s accounting policies are described below.

A. BASIS OF PRESENTATION - FUND ACCOUNTING

The accounts of the Village are maintained on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts. The following fund types are used by the Village.

GOVERNMENTAL FUNDS

General Fund

The general fund is used to account for all activities of the Village not required to be included 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.

Special Revenue Funds

These funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

**VILLAGE OF MINSTER
AUGLAIZE COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2001

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

The Village had the following significant Special Revenue Funds:

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

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

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

Debt Service Funds

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

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

Capital Projects Funds

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

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

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

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

**VILLAGE OF MINSTER
AUGLAIZE COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2001

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Enterprise Funds

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

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

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

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

Internal Service Funds

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

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

Fiduciary Funds (Trust and Agency Funds)

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

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

**VILLAGE OF MINSTER
AUGLAIZE COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2001

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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

B. BASIS OF ACCOUNTING

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. BUDGETARY PROCESS

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds are legally required to be budgeted and appropriated. The primary level of budgetary control is at the item level within each fund. Any budgetary modifications at this level may only be made by resolution of the Village's Council. Several budgetary modifications were legally enacted during 2001.

Tax Budget:

A budget of estimated cash receipts and disbursements is submitted to the County Auditor, as secretary of the County Budget Commission, by July 20 of each year, for the period January 1 to December 31 of the following year. The expressed purpose of the tax budget is to reflect the need for existing (or increased) tax rates.

**VILLAGE OF MINSTER
AUGLAIZE COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2001

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Estimated Resources:

The County Budget Commission determines if the budget substantiates a need to levy the full amount of authorized property tax rates and reviews receipt estimates. The County Budget Commission certifies its actions to the Village by September 1. As part of this certification, the Village receives the official certificate of estimated resources, which states the projected receipts of each fund. On or about January 1, the certificate is amended to include unencumbered fund balances at December 31 of the preceding year. Further amendments may be made during the year if the Village determines that receipts collected will be greater than or less than the prior estimates, and the Budget Commission finds the revised estimates to be reasonable. Prior to December 31, the Village must revise its budget so that the total contemplated expenditures from a fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure.

Appropriations:

A temporary appropriation measure to control cash disbursements may be passed on or about January 1 of each year for the period January to March 31. An annual appropriation measure must be passed by April 1 of each year for the period January 1 to December 31. The appropriations measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources. The Village legally adopted three supplemental appropriations during the year.

Encumbrances:

As part of the formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve the portion of the applicable appropriation.

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be reappropriated. There were no outstanding encumbrances at December 31, 2001.

**VILLAGE OF MINSTER
AUGLAIZE COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2001

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

D. CASH AND CASH EQUIVALENTS

For reporting purposes, the Village considers “Cash and Cash Equivalents” to be cash on hand, demand deposits, and all investments held by the Village with a maturity date less than or equal to three months from the date of purchase. Interest income earned and received by the Village from financial institutions totaled \$295,862 and \$60,000 from Village interfund debt for the year ended December 31, 2001.

E. PROPERTY, PLANT AND EQUIPMENT

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

F. INTERGOVERNMENTAL REVENUES

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

G. UNPAID VACATION AND SICK LEAVE

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

H. INTERFUND TRANSACTIONS

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

**VILLAGE OF MINSTER
AUGLAIZE COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2001

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

I. TOTAL COLUMNS ON FINANCIAL STATEMENTS

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

NOTE 3 - EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>2001</u>
Deposits:	
Demand deposits	\$5,726,640
Investments:	
Repurchase agreements	<u>1,403,377</u>
Total deposits	<u>\$7,130,017</u>

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

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

**VILLAGE OF MINSTER
AUGLAIZE COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2001**

NOTE 4 - DEBT OBLIGATIONS

At December 31, 2001, debt obligations consisted of the following issuances:

<u>Description</u>	<u>Balance at December 31, 2001</u>
1992 Street Improvement Special Assessment Bonds, due in semiannual payments on June 1 and December 1 through 2002 at a rate of 5.25%.	\$ 10,000
1993 Street Improvement Special Assessment Bonds, due in semiannual payments on June 1 and December 1 through 2003 at a rate of 4.95%.	8,000
1994 Street Improvement Special Assessment Bonds, due in semiannual payments on June 1 and December 1 through 2004 at a rate of 5.70%.	21,000
1994 Third Street Special Assessment Note, due in semiannual payments on February 1 and August 1 through 2005 at a rate of 5.5%.	23,430
1995 Street Projects Special Assessment Note, due in semiannual payments on February 21 and August 21 through 2006 at a rate of 5.7%.	18,974
1997 Parkview Sidewalks Special Assessment Note, due in semiannual payments on June 4 and December 4 through 2007 at a rate of 6.45%.	4,554
1998 First-Hanover Street Special Assessment Note, due in semiannual payments on June 29 and December 29 through 2008 at a rate of 5.25%.	29,822
1996 Equalization Basin General Obligation Note, due in semiannual payments on May 13 and November 13 through 2006 at a rate of 5.55%.	287,500

**VILLAGE OF MINSTER
AUGLAIZE COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2001**

NOTE 4 - DEBT OBLIGATIONS - (Continued)

<u>Description</u>	<u>Balance at December 31, 2001</u>
Interfund Loan from the Electric Fund to the Capital Improvement Fund, due in annual installments of \$150,000 at a rate of 5%.	\$1,050,000
1999 First Street Special Assessment Note, due in semiannual payments on January 1 and July 1 through 2010 at a rate of 5.95%.	26,498
2000 Paris Street Special Assessment Note, due in semiannual payments on June 26 and December 26 through 2010 at a rate of 6%.	34,732
2001 Street Assessment Note, due October 5, 2002, at a rate of 4.25%.	4,847
Omega JV-5 Bonded Debt Village of Minster's share of participant debt.	<u>2,819,830</u>
Total debt obligations at December 31, 2001	<u>\$4,339,187</u>

**VILLAGE OF MINSTER
AUGLAIZE COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2001

NOTE 4 - DEBT OBLIGATIONS - (Continued)

Transactions for the year ended December 31, 2001, are summarized as follows:

	Balance at <u>December 31, 2000</u>	<u>Proceeds</u>	<u>Payments</u>	Balance at <u>December 31, 2001</u>
Special Assessment Bonds	\$ 60,000	\$ -	\$ 21,000	\$ 39,000
Special Assessment Notes	157,836	4,847	19,826	142,857
General Obligation Notes	345,000	-	57,500	287,500
Interfund Loan	1,200,000	-	150,000	1,050,000
Omega JV5	<u>2,882,117</u>	<u> </u>	<u>62,287</u>	<u>2,819,830</u>
Total Debt Obligations	<u>\$4,644,953</u>	<u>\$4,847</u>	<u>\$310,613</u>	<u>\$4,339,187</u>

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

The principal and interest requirements to retire the debt obligations outstanding at December 31, 2001, are as follows:

	Special Assessment Bonds		Special Assessment Notes *		General Obligation Notes		Interfund Loan	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2002	\$21,000	\$2,120	\$ 28,549	\$ 7,611	\$ 57,500	\$14,361	\$ 150,000	\$ 52,500
2003	11,000	996	20,826	6,240	57,500	11,169	150,000	45,000
2004	7,000	400	21,127	5,056	57,500	7,978	150,000	37,500
2005			21,436	3,950	57,500	4,787	150,000	30,000
2006			15,353	2,895	57,500	1,596	150,000	22,500
2007-2024	<u> </u>	<u> </u>	<u>35,566</u>	<u>4,854</u>	<u> </u>	<u> </u>	<u>300,000</u>	<u>22,500</u>
Total	<u>\$39,000</u>	<u>\$3,516</u>	<u>\$142,857</u>	<u>\$30,606</u>	<u>\$287,500</u>	<u>\$39,891</u>	<u>\$1,050,000</u>	<u>\$210,000</u>

* The Special Assessment notes (with the exception of the 2001 issuance of \$4,847) only require interest due each year with principal due at maturity. Amortization schedules have been included in the financial statements based upon the Village's anticipated annual principal payments.

**VILLAGE OF MINSTER
AUGLAIZE COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2001

NOTE 4 - DEBT OBLIGATIONS - (Continued)

	<u>OMEGA JV5</u>		<u>Total</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2002	\$ 65,272	\$ 150,232	\$ 322,321	\$ 226,824
2003	68,556	146,887	307,882	210,292
2004	72,038	143,336	307,665	194,270
2005	75,620	139,514	304,556	178,251
2006	79,401	135,534	302,254	162,389
2007-2024	<u>2,458,943</u>	<u>1,383,299</u>	<u>2,794,509</u>	<u>1,410,789</u>
Total	<u>\$2,819,830</u>	<u>\$2,098,802</u>	<u>\$4,339,187</u>	<u>\$2,382,815</u>

NOTE 5 - PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the County. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State and are reflected in the accompanying financial statements as Intergovernmental Receipts. Real property taxes are payable annually or semiannually to the County. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20 of the following year. Under certain circumstances, state statute permits later payment dates to be established.

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

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

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

NOTE 6 - LOCAL INCOME TAX

This locally levied tax of 1.5% applies to gross salaries, wages and other personal service compensation earned by residents both in and out of the Village and to earnings of nonresidents (except certain transients) earned in the Village. It also applies to the net income of business organizations located within the Village. Tax receipts are credited to the Village and amounted to \$2,177,932 in 2001.

**VILLAGE OF MINSTER
AUGLAIZE COUNTY, OHIO**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2001**

NOTE 7 - RETIREMENT SYSTEMS

The Village's law enforcement officers belong to the Ohio Police and Fire Fund (OP&F). Other employees belong to the Public Employees Retirement System (PERS) of Ohio. OP&F and PERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including post-retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2001, members of OP&F contribute 10% of their wages to the OP&F. The Village contributes an amount equal to 19.5% of their wages. PERS members contribute 8.5% of their gross salaries. The Village contributes an amount equal to 13.55% of participants' gross salaries. The Village has paid all contributions required through December 31, 2001.

NOTE 8 - RISK MANAGEMENT

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

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

NOTE 9 - CONTINGENT LIABILITY

LITIGATION

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

**VILLAGE OF MINSTER
AUGLAIZE COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2001

NOTE 10 - JOINT VENTURES WITH EQUITY INTEREST

During the year December 31, 2001, the Village was part of the following joint venture:

Ohio Municipal Electric Generation Agency Joint Venture 5 (OMEGA JV 5) - A group of forty-two municipalities have entered into a joint venture for constructing, installing, and operating a 42 megawatts (MW) hydroelectric generator and related facilities at the Belleville locks and dam on the Ohio River. The Village has a 1.99 percent participant ownership interest in OMEGA JV 5. For the year ended December 31, 2000, (the most current available financial information), the Village's equity in the joint venture was \$86,891. Bonds issued by the joint venture are retired through the municipalities' payments for the monthly energy usage. The participants are obligated by the agreement to remit on a monthly basis those costs incurred from using electricity generated by the joint venture and a portion of the \$153,415,000 Certificates of Beneficial Interest debt that was issued to construct the fixed asset. Complete separate financial statements may be obtained from OMEGA JV 5, c/o Robert Trippe, Vice President and CEO, AMP-Ohio, 2600 Airport Drive, Columbus, Ohio, 43219.

NOTE 11 - COMMITMENT

Gorsuch Station Sales Contract - The Village has entered into a power sales contract to purchase 1.786 MW of capacity from AMP-Ohio until current and subsequent Gorsuch Station bond issues have been retired. The bonds are retired through user fees charged by the municipalities. Forty-five other municipalities are also participating in this contract at varying amounts of purchase commitments. Under this contract, the Village is obligated to purchase power at a rate determined by AMP-Ohio as long as power is being delivered. For the period January 1, 2001, to December 31, 2001, the Village has authorized AMP-Ohio to resell its portion of Gorsuch power to American Electric Power.

TRIMBLE, JULIAN & GRUBE, INC.

"SERVING OHIO LOCAL GOVERNMENTS"

1445 Worthington Woods Boulevard
Suite B
Worthington, Ohio 43085

Telephone 614.846.1899
Facsimile 614.846.2799

Report on Compliance and on Internal Control over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Mayor and Members of Council
Village of Minster
29 South Hanover St.
Minster, OH 45865

We have audited the financial statements of the Village of Minster, Auglaize County, as of and for the year ended December 31, 2001, and have issued our report thereon dated March 5, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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

Mayor and Members of Council
Village of Minster

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village of Minster, internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operations that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report that we have reported to the management of the Village of Minster in a separate letter dated March 5, 2002.

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

Trimble, Julian & Grube, Inc.
March 5, 2002

**VILLAGE OF MINSTER
AUGLAIZE COUNTY, OHIO**

DECEMBER 31, 2001

STATUS OF PRIOR AUDIT FINDINGS

Finding Number	Finding Summary	Fully Corrected?	Not Corrected; Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2001-001	Ohio Revised Code § 5705.41 (B)	Yes	N/A



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

VILLAGE OF MINSTER

AUGLAIZE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JUNE 11, 2002**