

**VILLAGE OF MINERVA PARK
FRANKLIN COUNTY, OHIO**

**FINANCIAL STATEMENTS
AND
INDEPENDENT AUDITOR'S REPORTS**

**FOR THE YEARS ENDED
DECEMBER 31, 2007 AND 2006**





Mary Taylor, CPA
Auditor of State

Village Council
Village of Minerva Park
2829 Minerva Lake Road
Columbus, Ohio 43231-4820

We have reviewed the *Independent Auditor's Report* of the Village of Minerva Park, Franklin County, prepared by Kennedy Cottrell Richards LLC, for the audit period January 1, 2006 through December 31, 2007. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

July 22, 2008

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VILLAGE OF MINERVA PARK, FRANKLIN COUNTY

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INDEPENDENT AUDITOR'S REPORT

Village of Minerva Park
2829 Minerva Lake Road
Columbus, Ohio 43231

To the Village Council:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Village of Minerva Park, Franklin County, Ohio (the Village), as of and for the years ended December 31, 2007 and 2006, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express opinions on these financial statements based on our audit.

Except as disclosed in the following paragraph, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing 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 over financial reporting. Accordingly we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, 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 opinions.

We were unable to obtain sufficient competent evidential matter supporting the Village's swimming pool receipts, reported as Charges for Services, for the year ended December 31, 2006.

As discussed in Note 1, the accompanying financial statements and notes follow the modified cash accounting basis. This is a comprehensive basis other than accounting principles generally accepted in the United States of America.

In our opinion, except for the effects of such adjustments, if any, as might have been determined necessary had we been able to examine evidence regarding the Village's swimming pool receipts, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, and the General Fund of the Village, as of December 31, 2006, and the respective changes in modified cash basis financial position and the respective budgetary comparison for the General Fund for the year then ended in conformity with the accounting basis Note 1 describes.

In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the Street Construction, State Highway, and Sewer Capital Projects funds and the aggregate remaining fund information of the Village as of December 31, 2006, and the respective changes in modified cash basis financial position and the respective budgetary comparisons for the Street Construction and State Highway Funds for the year then ended in conformity with the accounting basis Note 1 describes.

In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, each major fund and the aggregate remaining fund information of the Village as of December 31, 2007, and the respective changes in modified cash basis financial position and the respective budgetary comparison for the General and Street Construction Funds for the year then ended in conformity with the accounting basis Note 1 describes.

In accordance with *Government Auditing Standards*, we have also issued a report dated May 30, 2008, 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 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

A handwritten signature in black ink that reads "Kennedy Cottrell Richards LLC". The signature is written in a cursive, flowing style.

Kennedy Cottrell Richards LLC
May 30, 2008

VILLAGE OF MINERVA PARK, FRANKLIN COUNTY
Management's Discussion and Analysis
For the Years Ended December 31, 2007 and 2006
(Unaudited)

This discussion and analysis of the Village of Minerva Park's financial performance provides an overall review of the Village's financial activities for the years ended December 31, 2007 and 2006, within the limitations of the Village's modified cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Village's financial performance.

Highlights

Key highlights for 2007 and 2006 are as follows:

2007 net assets of governmental activities increased \$133,357, or a 26 percent change from the 2006. The main reason for the increase was the overall increase in intergovernmental receipts. The Village received increased inheritance taxes receipts and County levied License tax receipts.

The Village's general receipts are primarily property and income tax receipts. These receipts represent \$754,201 or 75% and \$751,227 or 84% of the total general cash received for governmental activities during 2007 and 2006, respectively. Property tax receipts increased 13% from 2005 to 2006 and 9% from 2006 to 2007,

The Village's income tax receipts increased \$124,549, or 96% in 2006 from 2005. The Village resident's passed a 1% levy in 2004 with 50% credit for payments made to other entities. 2005 was the first full year of collections for the income tax.

During 2006 the Village street project which consisted of OPWC funding and Village funding repaired cracks and holes in streets throughout the Village.

Using the Basic Financial Statements

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

Report Components

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

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

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

Basis of Accounting

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

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Management's Discussion and Analysis
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(Unaudited)

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

Reporting the Government as a Whole

The statement of net assets and the statement of activities reflect how the Village did financially during 2007 and 2006, within the limitations of modified cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental activities of the Village at year end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the Village's general receipts.

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

In the statement of net assets and the statement of activities, the Village has one type of activity:

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

Reporting the Village's Most Significant Funds

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

Governmental Funds - Most of the Village's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Village's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Village's programs. The Village's significant governmental funds are presented on the financial statements in separate columns. The information for non-major funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The government's major governmental funds for 2007 and 2006 are the General Fund and Street Construction Maintenance and Repair Fund. The State Highway Fund and Sewer Capital Projects was a major fund for 2006 only as it did not meet the criteria in 2007 for reporting as a major fund. The programs reported in governmental funds are closely related to those reported in the

VILLAGE OF MINERVA PARK, FRANKLIN COUNTY
Management's Discussion and Analysis
For the Years Ended December 31, 2007 and 2006
(Unaudited)

governmental activities section of the entity-wide statements. We describe this relationship in reconciliations presented with the governmental fund financial statements.

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

The Government as a Whole

Table 1 provides a summary of the Village's net assets for 2007 compared to 2006 on a modified cash basis:

(Table 1)
Net Assets

	<u>Governmental Activities</u>		
	<u>2007</u>	<u>2006</u>	<u>2005</u>
Assets			
Cash and Cash Equivalents	\$ 646,905	\$ 513,548	\$ 441,237
Total Assets	<u>646,905</u>	<u>513,548</u>	<u>441,237</u>
Net Assets			
Restricted for:			
Debt Service	104,827	95,809	1,421
Capital Projects	11,996	5,927	86,924
Other Purposes	329,751	283,911	307,689
Unrestricted	<u>200,331</u>	<u>127,901</u>	<u>45,203</u>
Total Net Assets	<u>\$ 646,905</u>	<u>\$ 513,548</u>	<u>\$ 441,237</u>

As mentioned previously, net assets of governmental activities increased \$ 133,357, or 26 percent during 2007. Net Assets during 2006 increased \$72,311, or 16%. The primary reasons contributing to this are as follows:

- During 2006 the Village operated the local swimming pool and began receiving sales receipts. During 2007 the receipts from the pool increased from \$48,468 in 2006 to \$68,589 in 2007.
- During 2007 the Village received \$69,064 in inheritance tax receipts, while in 2006 the Village received only \$4,747. These receipts are recorded in the General Fund specifically.
- During 2007 the Village received \$96,042 in County license tax receipts, while in 2006 the Village received only \$17,609. The receipts are recorded in the Street Construction and Repair Fund.
- During 2006 the Village received \$241,254 of income tax receipts, while in 2005 the Village received \$129,891. The income tax levy was passed by voters in 2004 and 2006 was the first full year of collections.

VILLAGE OF MINERVA PARK, FRANKLIN COUNTY
Management's Discussion and Analysis
For the Years Ended December 31, 2007 and 2006
(Unaudited)

Table 2 reflects the changes in net assets in 2007 and 2006.

(Table 2)
Changes in Net Assets

	Governmental Activities 2007	Governmental Activities 2006	Governmental Activities 2005
Receipts:			
Program Receipts:			
Charges for Services and Sales	\$ 196,659	\$ 181,591	\$ 62,173
Operating Grants and Contributions	64,927	81,485	74,329
Capital Grants and Contributions	86,585	3,885	180,768
Total Program Receipts	348,171	266,961	317,270
General Receipts:			
Property and Other Local Taxes	543,621	496,787	437,707
Income Taxes	241,254	254,440	129,891
Grants and Entitlements Not Restricted to Specific Programs	161,789	98,794	144,767
Interest	23,636	22,244	14,374
Cable Franchise Fees	8,457	-	-
Miscellaneous	25,852	25,658	29,123
Total General Receipts	1,004,609	897,923	755,862
Total Receipts	1,352,780	1,164,884	1,073,132
Disbursements:			
General Government	273,081	226,996	213,385
Security of Persons and Property	487,173	380,805	365,016
Public Health Services	-	-	150
Leisure Time Activities	74,964	57,731	5,744
Economic Development	-	-	4,668
Community Environment	5,709	5,256	-
Basic Utilities	131,670	134,129	109,485
Transportation	125,289	135,133	178,366
Capital Outlay	-	35,660	198,480
Principal Retirement	85,868	79,640	76,054
Interest and Fiscal Charges	35,669	37,223	37,970
Total Disbursements	1,219,423	1,092,573	1,189,318
Excess (Deficiency) Before Transfers	133,357	72,311	(116,186)
Transfers	-	-	-
Increase (Decrease) in Net Assets	133,357	72,311	(116,186)
Net Assets, Beginning of Year	513,548	441,237	557,423
Net Assets, End of Year	\$ 646,905	\$ 513,548	\$ 441,237

Program receipts represent approximately 26 percent of total receipts for both 2007 and 23 percent for 2006. The main reason for the \$81,210 increase in program receipts in 2007 from 2006 is the OPWC grant receipt of \$86,584.65 recorded in the Street Construction and Repair Fund.

VILLAGE OF MINERVA PARK, FRANKLIN COUNTY
Management's Discussion and Analysis
For the Years Ended December 31, 2007 and 2006
(Unaudited)

General receipts represent approximately 74 percent of the Village's total receipts for 2007 and 77 percent in 2006. Tax receipts represent over 75% of all general receipts for the Village for both 2006 and 2007. During 2007 these receipts represent 58% of all revenues received by the Village. State and federal grants and entitlements make up most of the remaining balance of the Village's general receipts for both 2007 and 2006. Other receipts are very insignificant and somewhat unpredictable revenue sources.

From 2005 to 2006 expenditures decreased \$96,745 from \$1,189,318 to \$1,092,573. The primary reason for the decrease was diminished capital work for streets and other projects during 2006.

Disbursements for General Government represent the overhead costs of running the Village and the support services provided for the other Government activities. These include the costs of the board of trustees and clerk. Since these costs do not represent direct services to residents, we try to limit these costs.

Security of Persons and Property are the costs of police and EMS protection services, Leisure Time Activities are the costs of maintaining the parks, and Transportation is the cost of maintaining streets.

Governmental Activities

If you look at the Statement of Activities on pages 11 and 18, you will see that the first column lists the major services provided by the Village. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for general government, security of persons and property, basis utility costs, and transportation costs which account for 22%, 39%, 11% and 10% of total program expenditures for 2007, and 18% 45%, 12% and 12% of total program expenditures for 2006, respectively. The next two columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Government that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)

	Governmental Activities					
	Total Cost Of Services 2007	Net Cost of Services 2007	Total Cost Of Services 2006	Net Cost of Services 2006	Total Cost Of Services 2005	Net Cost of Services 2005
Disbursements:						
General Government	\$ 273,081	\$272,644	\$ 226,996	\$ 226,345	\$ 213,385	\$ 151,863
Security of Persons and Prop	487,173	447,953	380,805	331,761	365,016	364,791
Public Health Services	-	-	-	-	150	150
Leisure Time Activities	74,964	6,375	57,731	9,263	5,744	5,744
Economic Development	-	-	-	-	4,668	4,017
Community Environment	5,709	4,839	5,256	3,926	-	-
Basic Utilities	131,670	43,827	134,129	47,871	109,485	12,591
Transportation	125,289	(25,923)	135,133	53,923	178,366	20,388
Capital Outlay	-	-	35,660	35,660	198,480	198,480
Principal Retirement	85,868	85,868	79640	79640	76054	76054
Interest and Fiscal Charges	35,669	35,669	37223	37223	37970	37970
Total Disbursements	\$ 1,219,423	\$871,252	\$1,092,573	\$ 825,612	\$ 1,189,318	\$ 872,048

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

VILLAGE OF MINERVA PARK, FRANKLIN COUNTY
Management's Discussion and Analysis
For the Years Ended December 31, 2007 and 2006
(Unaudited)

The Government's Funds

Total governmental funds had receipts of \$1,352,780 and \$1,164,885 for 2007 and 2006 and disbursements of \$1,219,423 and \$1,092,574 for 2007 and 2006 respectively. From 2005 to 2006 total governmental expenditures decreased \$96,745 from fewer construction projects and services in 2006. The greatest change within governmental funds occurred within the General Fund from 2005 to 2006 as the fund balance increased \$82,698. The main reason for the increase was the increase in income tax receipts and property tax receipts in 2006.

General Fund Budgeting Highlights

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

The difference between final budgeted receipts and actual receipts was not significant for 2007 and 2006. Actual receipts in 2007 were \$8,654 lower than expected, while 2006 actual receipts were \$23,772 higher than expected.

Final disbursements for 2007 for the General Fund were budgeted at \$1,065,434 while actual disbursements were \$1,005,749. Final disbursements for 2006 for the General Fund were budgeted at \$932,476 while actual disbursements were \$888,445.

Capital Assets and Debt Administration

Capital Assets

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

Debt

The Village retired general obligation bonds in the amount of \$40,000 during the audit period by making principal payments in the amount of \$20,000 for both 2007 and 2006. The Village has six remaining debt issuances from Ohio Public Works Commission. For 2007 and 2006 the Village retired \$125,508 of the remaining principal balance for Ohio Public Works Commission debt. For further information regarding the Village's debt, refer to Note 10 to the basic financial statements.

The Village currently leases a copier under a non-cancelable lease. For further information regarding the Village's capital lease, refer to Note 11 to the basic financial statements. +

Current Issues

The challenge for all Governments is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases shrinking, funding. We rely heavily on local taxes and intergovernmental support. Although, the Village expects a slight increase in receipts for 2008, expenses in the Security of Person and Properties area within the General Fund is increasing at a greater rate for 2008. This is due in part because of the Village's volunteer EMS Department's large increase in expenditures inflicted by sources outside of the Village and its control. The Village also expects increased expenditures in the Street Construction and Maintenance Fund due to the fact that the Village was not chosen to receive an OPWC loan this year for a much needed street project.

VILLAGE OF MINERVA PARK, FRANKLIN COUNTY
Management's Discussion and Analysis
For the Years Ended December 31, 2007 and 2006
(Unaudited)

Contacting the Village's Financial Management

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

VILLAGE OF MINERVA PARK, FRANKLIN COUNTY

Statement of Net Assets - Modified Cash Basis

December 31, 2007

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 646,905
<i>Total Assets</i>	<u>646,905</u>
Net Assets	
Restricted for:	
Capital Projects	104,827
Debt Service	11,996
Other Purposes	329,751
Unrestricted	200,331
<i>Total Net Assets</i>	<u>\$ 646,905</u>

See accompanying notes to the basic financial statements

VILLAGE OF MINERVA PARK, FRANKLIN COUNTY
Statement of Activities - Modified Cash Basis
For the Year Ended December 31, 2007

	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
Governmental Activities					
Security of Persons and Property	\$ 487,173.00	\$ 38,920.00	\$ 300.00	\$ -	\$ (447,953)
Leisure Time Activities	74,964	68,589	-	-	(6,375)
Community Environment	5,709	870	-	-	(4,839)
Basic Utility Services	131,670	87,843	-	-	(43,827)
Transportation	125,289	-	64,627	86,585	25,923
General Government	273,081	437	-	-	(272,644)
Debt Service:					
Principal	85,868		-	-	(85,868)
Interest	35,669		-	-	(35,669)
<i>Total Governmental Activities</i>	<u>\$ 1,219,423</u>	<u>\$ 196,659</u>	<u>\$ 64,927</u>	<u>\$ 86,585</u>	<u>\$ (871,252)</u>

General Receipts

Property Taxes	543,621
Municipal Income Taxes	241,254
Grants and Entitlements not Restricted to Specific Programs	161,789
Other Debt Proceeds	-
Cable Franchise Fees	8,457
Earnings on Investments	23,636
Miscellaneous	25,852
<i>Total General Receipts</i>	<u>1,004,609</u>
Total General Receipts, Special & Extraordinary Items, Transfers and Advances	<u>1,004,609</u>
Change in Net Assets	133,357
<i>Net Assets Beginning of Year</i>	<u>513,548</u>
<i>Net Assets End of Year</i>	<u>\$ 646,905</u>

See accompanying notes to the basic financial statements

VILLAGE OF MINERVA PARK, FRANKLIN COUNTY
Statement of Modified Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2007

	GENERAL	STREET CONSTR. & MAINT.	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 200,331	\$ 226,344	\$ 220,230	\$ 646,905
<i>Total Assets</i>	<u>200,331</u>	<u>226,344</u>	<u>220,230</u>	<u>646,905</u>
Fund Balances				
Reserved:				
Reserved for Encumbrances	2,159	-	-	2,159
Unreserved:				
Undesignated (Deficit), Reported in:				
General Fund	198,172	-	-	198,172
Special Revenue Funds	-	226,344	103,408	329,752
Debt Service Fund	-	-	11,996	11,996
Capital Projects Funds	-	-	104,826	104,826
<i>Total Fund Balances</i>	<u>\$ 200,331</u>	<u>\$ 226,344</u>	<u>\$ 220,230</u>	<u>\$ 646,905</u>

See accompanying notes to the basic financial statements

VILLAGE OF MINERVA PARK, FRANKLIN COUNTY
Statement of Cash Receipts, Disbursements and Changes in Modified Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2007

	GENERAL	STREET CONSTR. & MAINT.	OTHER GOVERNMENTAL FUNDS	TOTAL
Receipts				
Property and Other Local Taxes	\$ 478,710	\$ -	\$ 34,237	\$ 512,947
Municipal Income Taxes	241,254	-	-	241,254
Intergovernmental	192,463	147,077	4,437	343,977
Special Assessments	-	-	87,843	87,843
Charges for Services	69,025	-	-	69,025
Fines, Licenses and Permits	46,947	-	1,300	48,247
Earnings on Investments	21,769	1,350	516	23,635
Miscellaneous	25,852	-	-	25,852
Total Receipts	1,076,020	148,427	128,333	1,352,780
Disbursements				
Current:				
Security of Persons and Property	487,173	-	-	487,173
Leisure Time Activities	74,964	-	-	74,964
Community Environment	5,709	-	-	5,709
Basic Utility Services	131,670	-	-	131,670
Transportation	25,993	99,296	-	125,289
General Government	273,081	-	-	273,081
Debt Service:				
Principal Retirement	-	7,074	78,794	85,868
Interest and Fiscal Charges	-	2,468	33,201	35,669
Total Disbursements	998,590	108,838	111,995	1,219,423
Excess of Receipts Over (Under) Disbursements	77,430	39,589	16,338	133,357
Other Financing Sources (Uses)				
Transfers In	-	-	5,000	5,000
Transfers Out	(5,000)	-	-	(5,000)
Total Other Financing Sources (Uses)	(5,000)	-	5,000	-
Net Change in Fund Balances	72,430	39,589	21,338	133,357
Fund Balances Beginning of Year <i>(as restated)</i>	127,901	186,755	198,892	513,548
Fund Balances End of Year	<u>\$ 200,331</u>	<u>\$ 226,344</u>	<u>\$ 220,230</u>	<u>\$ 646,905</u>

See accompanying notes to the basic financial statements

VILLAGE OF MINERVA PARK, FRANKLIN COUNTY
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
General Fund
For the Year Ended December 31, 2007

	Budgeted Amounts		Actual	(Optional) Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$ 465,000	\$ 480,000	\$ 478,710	\$ (1,290)
Municipal Income Taxes	260,000	250,000	241,254	(8,746)
Intergovernmental	134,000	193,674	192,463	(1,211)
Charges for Services	42,500	67,500	69,025	1,525
Fines, Licenses and Permits	49,000	48,500	46,947	(1,553)
Earnings on Investments	15,000	23,000	21,769	(1,231)
Miscellaneous	27,000	22,000	25,852	3,852
<i>Total receipts</i>	992,500	1,084,674	1,076,020	(8,654)
Disbursements				
Current:				
Security of Persons and Property	473,514	523,553	489,144	34,409
Public Health Services	150	150	-	150
Leisure Time Activities	89,404	81,404	74,964	6,440
Community Environment	7,500	6,200	5,709	491
Basic Utility Services	136,241	136,673	131,670	5,003
Transportation	32,500	26,220	25,993	227
General Government	294,145	286,234	273,269	12,965
<i>Total Disbursements</i>	1,033,454	1,060,434	1,000,749	59,685
<i>Excess of Receipts Over (Under) Disbursements</i>	(40,954)	24,240	75,271	51,031
Other Financing Sources (Uses)				
Transfers Out	-	(5,000)	(5,000)	-
<i>Total Other Financing Sources (Uses)</i>	-	(5,000)	(5,000)	-
<i>Net Change in Fund Balance</i>	(40,954)	19,240	70,271	51,031
<i>Unencumbered Cash Balance Beginning of Year</i>	118,547	118,547	118,547	-
Prior Year Encumbrances Appropriated	9,354	9,354	9,354	-
<i>Unencumbered Cash Balance End of Year</i>	\$ 86,947	\$ 147,141	\$ 198,172	\$ 51,031

See accompanying notes to the basic financial statements

VILLAGE OF MINERVA PARK, FRANKLIN COUNTY
*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Street Construction Maintenance and Repair Fund
For the Year Ended December 31, 2007*

	<u>Budgeted Amounts</u>			(Optional)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Receipts				
Intergovernmental	\$ 70,000	\$ 153,585	\$ 147,077	\$ (6,508)
Earnings on Investments	1,000	1,000	1,350	350
<i>Total receipts</i>	<u>71,000</u>	<u>154,585</u>	<u>148,427</u>	<u>(6,158)</u>
Disbursements				
Current:				
Transportation	40,458	134,958	99,296	35,662
Debt Service:				
Principal Retirement	7,074	7,074	7,074	-
Interest and Fiscal Charges	2,468	2,468	2,468	-
<i>Total Disbursements</i>	<u>50,000</u>	<u>144,500</u>	<u>108,838</u>	<u>35,662</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>21,000</u>	<u>10,085</u>	<u>39,589</u>	<u>29,504</u>
<i>Net Change in Fund Balance</i>	21,000	10,085	39,589	29,504
<i>Unencumbered Cash Balance Beginning of Year</i>	186,755	186,755	186,755	-
Prior Year Encumbrances Appropriated	-	-	-	-
<i>Unencumbered Cash Balance End of Year</i>	<u>\$ 207,755</u>	<u>\$ 196,840</u>	<u>\$ 226,344</u>	<u>\$ 29,504</u>

See accompanying notes to the basic financial statements

VILLAGE OF MINERVA PARK, FRANKLIN COUNTY

Statement of Net Assets - Modified Cash Basis

Fiduciary Funds

December 31, 2007

	<u>AGENCY</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$ 2,261</u>
<i>Total Assets</i>	<u><u>2,261</u></u>
Net Assets	
Deposits Held and Due to Other Governments	<u>2,261</u>
<i>Total Net Assets</i>	<u><u>\$ 2,261</u></u>

See accompanying notes to the basic financial statements

VILLAGE OF MINERVA PARK, FRANKLIN COUNTY

Statement of Net Assets - Modified Cash Basis

December 31, 2006

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 513,548
<i>Total Assets</i>	<u>513,548</u>
Net Assets	
Restricted for:	
Capital Projects	95,809
Debt Service	5,927
Other Purposes	283,911
Unrestricted	127,901
<i>Total Net Assets</i>	<u>\$ 513,548</u>

See accompanying notes to the basic financial statements

VILLAGE OF MINERVA PARK, FRANKLIN COUNTY

Statement of Activities - Modified Cash Basis

For the Year Ended December 31, 2006

	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities
Governmental Activities					
Security of Persons and Property	\$ 380,805	\$ 48,769	\$ 275	\$ -	\$ (331,761)
Leisure Time Activities	57,731	48,468	-	-	(9,263)
Community Environment	5,256	1,330	-	-	(3,926) ¹
Basic Utility Services	134,129	82,373	-	3,885	(47,871)
Transportation	135,133	-	81,210	-	(53,923)
General Government	226,996	651	-	-	(226,345)
Capital Outlay	35,660	-	-	-	(35,660)
Debt Service:					
Principal	79,640	-	-	-	(79,640)
Interest	37,223	-	-	-	(37,223)
<i>Total Governmental Activities</i>	<u>\$ 1,092,573</u>	<u>\$ 181,591</u>	<u>\$ 81,485</u>	<u>\$ 3,885</u>	<u>\$ (825,612)</u>
		General Receipts			
		Property Taxes			496,787
		Municipal Income Taxes			254,440
		Grants and Entitlements not Restricted to Specific Programs			98,794
		Earnings on Investments			22,244
		Miscellaneous			25,658
		<i>Total General Receipts</i>			<u>897,923</u>
		Change in Net Assets			72,311
		<i>Net Assets Beginning of Year</i>			<u>441,237</u>
		<i>Net Assets End of Year</i>			<u>\$ 513,548</u>

See accompanying notes to the basic financial statements

VILLAGE OF MINERVA PARK, FRANKLIN COUNTY
Statement of Modified Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2006

	GENERAL	STREET CONSTR. & MAINT.	STATE HIGHWAY	SEWER CAPITAL PROJECTS	OTHER GOVERNMENTAL FUNDS	TOTAL GOVERNMENTAL FUNDS
Assets						
Equity in Pooled Cash and Cash Equivalents	\$ 127,901	\$ 186,755	\$ 55,184	\$ 54,120	\$ 89,588	\$ 513,548
<i>Total Assets</i>	<u>127,901</u>	<u>186,755</u>	<u>55,184</u>	<u>54,120</u>	<u>89,588</u>	<u>513,548</u>
Fund Balances						
Reserved:						
Reserved for Encumbrances	9,354	-	-	-	-	9,354
Unreserved:						
Undesignated (Deficit), Reported in:						
General Fund	118,547	-	-	-	-	118,547
Special Revenue Funds	-	186,755	55,184	-	41,972	283,911
Debt Service Fund	-	-	-	-	5,927	5,927
Capital Projects Funds	-	-	-	54,120	41,689	95,809
<i>Total Fund Balances</i>	<u>\$ 127,901</u>	<u>\$ 186,755</u>	<u>\$ 55,184</u>	<u>\$ 54,120</u>	<u>\$ 89,588</u>	<u>\$ 513,548</u>

See accompanying notes to the basic financial statements

VILLAGE OF MINERVA PARK, FRANKLIN COUNTY
Statement of Cash Receipts, Disbursements and Changes in Modified-Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2006

	GENERAL	STREET CONSTR. & MAINT.	STATE HIGHWAY	SEWER CAPITAL PROJECTS	OTHER GOVERNMENTAL FUNDS	TOTAL
Receipts						
Property and Other Local Taxes	\$ 433,677	\$ -	\$ -	\$ -	\$ 34,110	\$ 467,787
Municipal Income Taxes	254,440	-	-	-	-	254,440
Intergovernmental	127,795	76,564	4,645	-	276	209,280
Special Assessment	-	-	-	-	82,373	82,373
Charges for Services	49,119	-	-	3,885	-	53,004
Fines, Licenses and Permits	48,859	-	-	-	1,240	50,099
Earnings on Investments	19,696	2,184	364	-	-	22,244
Miscellaneous	25,658	-	-	-	-	25,658
Total Receipts	959,244	78,748	5,009	3,885	117,999	1,164,885
Disbursements						
Current:						
Security of Persons and Property	380,805	-	-	-	-	380,805
Leisure Time Activities	57,731	-	-	-	-	57,731
Community Environment	5,256	-	-	-	-	5,256
Basic Utility Services	134,129	-	-	-	-	134,129
Transportation	30,003	105,131	-	-	-	135,134
General Government	226,996	-	-	-	-	226,996
Capital Outlay	35,660	-	-	-	-	35,660
Debt Service:						
Principal Retirement	-	2,237	-	-	77,403	79,640
Interest and Fiscal Charges	-	1,682	-	-	35,541	37,223
Total Disbursements	870,580	109,050	-	-	112,944	1,092,574
Excess of Receipts Over (Under) Disbursements	88,664	(30,302)	5,009	3,885	5,055	72,311
Other Financing Sources (Uses)						
Transfers In	-	-	-	-	8,511	8,511
Transfers Out	(8,511)	-	-	-	-	(8,511)
Advances In	2,545	-	-	-	-	2,545
Advances Out	-	-	-	-	(2,545)	(2,545)
Total Other Financing Sources (Uses)	(5,966)	-	-	-	5,966	-
Net Change in Fund Balances	82,698	(30,302)	5,009	3,885	11,021	72,311
Fund Balances Beginning of Year	45,203	217,057	50,175	50,235	78,567	441,237
Fund Balances End of Year	\$ 127,901	\$ 186,755	\$ 55,184	\$ 54,120	\$ 89,588	\$ 513,548

See accompanying notes to the basic financial statements

VILLAGE OF MINERVA PARK, FRANKLIN COUNTY
*Statement of Receipts, Disbursements and Changes
 In Fund Balance - Budget and Actual -Budget Basis
 General Fund
 For the Year Ended December 31, 2006*

	Budgeted Amounts		Actual	(Optional) Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$ 402,000	\$ 402,000	\$ 433,677	\$ 31,677
Municipal Income Taxes	250,000	250,000	254,440	\$4,440
Intergovernmental	146,472	146,472	127,795	(\$18,677)
Charges for Services	5,000	45,000	49,119	\$4,119
Fines, Licenses and Permits	47,000	47,000	48,859	\$1,859
Earnings on Investments	10,000	10,000	19,696	\$9,696
Miscellaneous	35,000	35,000	25,658	(\$9,342)
<i>Total receipts</i>	895,472	935,472	959,244	23,772
Disbursements				
Current:				
Security of Persons and Property	419,190	390,543	384,719	5,824
Public Health Services	150	150	-	150
Leisure Time Activities	11,870	69,488	58,635	10,853
Community Environment	7,000	7,000	5,256	1,744
Basic Utility Services	117,000	138,500	135,370	3,130
Transportation	51,000	32,189	30,003	2,186
General Government	232,179	249,414	230,291	19,123
Capital Outlay	30,000	36,681	35,660	1,021
<i>Total Disbursements</i>	868,389	923,965	879,934	44,031
<i>Excess of Receipts Over (Under) Disbursements</i>	27,083	11,507	79,310	(20,259)
Other Financing Sources (Uses)				
Transfers Out	-	(8,511)	(8,511)	-
Advances In	-	2,454	2,545	91
<i>Total Other Financing Sources (Uses)</i>	-	(6,057)	(5,966)	91
<i>Net Change in Fund Balance</i>	27,083	5,450	73,344	(20,168)
<i>Fund Balance Beginning of Year</i>	37,148	37,148	37,148	-
<i>Prior Year Encumbrances Appropriated</i>	8,055	8,055	8,055	-
<i>Fund Balance End of Year</i>	\$ 72,286	\$ 50,653	\$ 118,547	\$ 67,894

See accompanying notes to the basic financial statements

MINERVA PARK VILLAGE, FRANKLIN COUNTY
*Statement of Receipts, Disbursements and Changes
 In Fund Balance - Budget and Actual -Budget Basis
 Street Construction Maintenance and Repair Fund
 For the Year Ended December 31, 2006*

	Budgeted Amounts		Actual	(Optional) Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Intergovernmental	\$ 70,000	\$ 77,020	\$ 76,564	\$ (456)
Earnings on Investments	-	150	2,184	2,034
<i>Total receipts</i>	70,000	77,170	78,748	1,578
Disbursements				
Current:				
Transportation	46,081	117,349	105,131	12,218
Debt Service:				
Principal Retirement	2,237	2,237	2,237	-
Interest and Fiscal Charges	1,682	1,682	1,682	-
<i>Total Disbursements</i>	50,000	121,268	109,050	12,218
<i>Excess of Receipts Over (Under) Disbursements</i>	20,000	(44,098)	(30,302)	(10,640)
<i>Net Change in Fund Balance</i>	20,000	(44,098)	(30,302)	(10,640)
<i>Fund Balance Beginning of Year</i>	215,531	215,531	215,531	-
Prior Year Encumbrances Appropriated	1,526	1,526	1,526	-
<i>Fund Balance End of Year</i>	\$ 237,057	\$ 172,959	\$ 186,755	\$ 13,796

See accompanying notes to the basic financial statements

MINERVA PARK VILLAGE, FRANKLIN COUNTY
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
State Highway Fund
For the Year Ended December 31, 2006

	Budgeted Amounts			(Optional) Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Intergovernmental	\$ 4,500	\$ 4,500	\$ 4,646	\$ 146
Earnings on Investments	200	200	364	164
<i>Total receipts</i>	4,700	4,700	5,010	310
<i>Excess of Receipts Over (Under) Disbursements</i>	4,700	4,700	5,010	310
 <i>Net Change in Fund Balance</i>	4,700	4,700	5,010	310
<i>Fund Balance Beginning of Year</i>	50,175	50,175	50,175	-
Prior Year Encumbrances Appropriated	-	-	-	-
<i>Fund Balance End of Year</i>	\$ 54,875	\$ 54,875	\$ 55,185	\$ 310

See accompanying notes to the basic financial statements

VILLAGE OF MINERVA PARK, FRANKLIN COUNTY

Statement of Net Assets - Modified Cash Basis

Fiduciary Funds

December 31, 2006

	<u>AGENCY</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 1,589
<i>Total Assets</i>	<u>1,589</u>
Net Assets	
Deposits held and Due to Other Governments	1,589
<i>Total Net Assets</i>	<u>\$ 1,589</u>

See accompanying notes to the basic financial statements

VILLAGE OF MINERVA PARK, FRANKLIN COUNTY

Notes to the Basic Financial Statements
For the Years Ended December 31, 2006 and 2007

Note 1 – Reporting Entity

The Village of Minerva Park, Franklin County, Ohio (the Village), is a body politic and corporate established in 1940 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 six-member Council elected at large for four year terms. The Mayor is elected to a four-year term and votes only to break a tie. The Village provides general governmental services, including refuse pick up, emergency medical services, and police services.

The reporting entity is comprised only of the primary government to ensure that the financial statements are not misleading.

A. Primary Government

The primary government of the Village consists of all funds, departments, boards and agencies that are not legally separate from the Village. The Village provides general government services, a mayor's court, police protection, emergency medical services, recreation, planning, zoning, street maintenance and repair, refuse collection, recycling and general administrative services. The Village appropriates general fund money to support a volunteer EMS department.

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

B. Component Units

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

C. Joint Ventures, Jointly Governed Organizations and Public Entity Risk Pools

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

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

VILLAGE OF MINERVA PARK, FRANKLIN COUNTY

Notes to the Basic Financial Statements

For the Years Ended December 31, 2006 and 2007

Note 2 – Summary of Significant Accounting Policies

As discussed further in Note 2.C, these financial statements are presented on a *modified* cash basis of accounting. This *modified* cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the *modified* cash basis of accounting. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the *modified* cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The Village does not apply FASB statements issued after November 30, 1989, to its business-type activities and to its enterprise funds. Following are the more significant of the Village's accounting policies.

A. Basis of Presentation

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

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the Village as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the Village that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services. The Village does not report any business-type funds.

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

Fund Financial Statements

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

VILLAGE OF MINERVA PARK, FRANKLIN COUNTY

Notes to the Basic Financial Statements
For the Years Ended December 31, 2006 and 2007

Note 2 – Summary of Significant Accounting Policies (Continued)

B. Fund Accounting

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

Governmental Funds

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

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

Street Construction and Maintenance Fund: This fund receives gasoline tax and motor vehicle tax money for consulting, maintaining and repairing Village Streets.

State Highway Fund: This fund receives gasoline tax money for maintaining and repairing highways located within the Village (not a major fund beginning in 2007).

Sewer Capital Projects Fund: This fund receives sewer surcharges from residents for capital projects necessary on the Village's sewers (not a major fund beginning in 2007).

Fiduciary Funds:

Fiduciary funds include pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs. Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village's only fiduciary funds are agency funds which account for deposits belonging to others.

C. Basis of Accounting

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

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

VILLAGE OF MINERVA PARK, FRANKLIN COUNTY

Notes to the Basic Financial Statements
For the Years Ended December 31, 2006 and 2007

Note 2 – Summary of Significant Accounting Policies (Continued)

D. Budgetary Process

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

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

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

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

E. Cash and Investments

Village records identify the purchase of specific investments by specific funds.

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

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

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

STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on December 31, 2006.

Interest earnings are allocated to Village funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2006 was \$19,696.13, and during 2007 was \$21,769.26.

VILLAGE OF MINERVA PARK, FRANKLIN COUNTY

Notes to the Basic Financial Statements
For the Years Ended December 31, 2006 and 2007

Note 2 – Summary of Significant Accounting Policies (Continued)

F. Restricted Assets

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

G. Inventory and Prepaid Items

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

H. Capital Assets

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

I. Interfund Receivables/Payables

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

J. Employer Contributions to Cost-Sharing Pension Plans

The Village recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Notes 8 and 9, the employer contributions include portions for pension benefits and for postretirement health care benefits.

K. Long-Term Obligations

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

L. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources primarily restricted for street and highway construction and maintenance, mayor's court computers, EMS services, and law enforcement.

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

VILLAGE OF MINERVA PARK, FRANKLIN COUNTY

Notes to the Basic Financial Statements
For the Years Ended December 31, 2006 and 2007

Note 2 – Summary of Significant Accounting Policies (Continued)

M. Interfund Transactions

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non-operating receipts/disbursements in proprietary funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

Note 3 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund is (*and any major special revenue fund are*) prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference(s) between the budgetary basis and the *modified* cash basis is (are) outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as a reservation of fund balance (*modified* cash basis) (and outstanding year end advances are treated as an other financing source or use (budgetary basis) rather than as an interfund receivable or payable (*modified* cash basis)). The encumbrances outstanding at year end (budgetary basis) amounted to 2006, \$9,354 for the general fund, and \$0 for all other funds. For 2007, encumbrances were \$2,159 for the General Fund, and \$0 for all other funds.

Note 4 – Deposits and Investments

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

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

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

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

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

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

VILLAGE OF MINERVA PARK, FRANKLIN COUNTY

Notes to the Basic Financial Statements
For the Years Ended December 31, 2006 and 2007

Note 4 - Deposits and Investments (Continued)

3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAROhio).

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

Deposits

Custodial credit risk is the risk that in the event of bank failure, the Village will not be able to recover deposits or collateral securities that are in the possession of an outside party. At December 31, 2007 and December 31, 2006, \$570,956 and \$495,279 of the Village's bank balance of \$670,956 and \$595,279, respectively, was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Village's name. At December 31, 2007 and December 31, 2006, the Village had a book balance of \$554,804 and \$425,408, respectively.

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

Investments

As of December 31, 2007 and 2006, the Village had \$94,362 and \$89,729, respectively, invested in STAROhio, which had a maturity of less than three months.

VILLAGE OF MINERVA PARK, FRANKLIN COUNTY

Notes to the Basic Financial Statements

For the Years Ended December 31, 2006 and 2007

Note 4 - Deposits and Investments (Continued)

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates and according to state law, the City's investment policy limits investment portfolio maturities to one year or less.

Credit Risk: STAROhio carries a rating of AAAM by Standard and Poor's. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service.

Concentration of Credit Risk: The Village's investment policy limits investments in securities to US Treasury Securities and obligations of the Federal Government Agencies. The investment policy limits investments in certificates of deposits to no more than twenty percent of the total current portfolio obligation

Note 5 – Income Taxes

The Village levies a 1 percent income tax whose proceeds are placed into the General Fund. The Village levies and collects the tax on all income earned within the Village as well as on incomes of residents earned outside the Village. In the latter case, the Village allows a credit of the lesser of actual taxes paid to another city or .5 percent of the 1 percent tax rate on taxable income.

Employers within the Village are required to withhold income tax on employee earnings and remit the tax to the Regional Income Tax Agency (RITA) at least quarterly. Corporations and other individual taxpayers are also required to pay their estimated tax at least quarterly and file a final return annually.

Note 6 – Property Taxes.

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Real property tax receipts received in 2006 represent the collection of 2005 taxes. Real property taxes received in 2006 were levied after October 1, 2005, on the assessed values as of January 1, 2005, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. 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. Under certain circumstances, State statute permits alternate 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 auditor by each April 30.

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

VILLAGE OF MINERVA PARK, FRANKLIN COUNTY

Notes to the Basic Financial Statements
For the Years Ended December 31, 2006 and 2007

Note 7 – Risk Management

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During 2006 and 2007, the Village's insurance coverage was as follows:

<u>Company</u>	<u>Type of Coverage</u>	<u>Amount of Coverage</u>
Selective Insurance	Commercial Property	\$1,142,052
	General Liability	1,000,000
	Commercial Crime	
	Inland Marine	45,000
	Vehicle	1,000,000
	Errors and Omissions	
	Public Officials	1,000,000
	Umbrella	3,000,000

Settled claims have not exceeded coverage in any of the last three years and there was no significant reduction in coverage from the prior year.

The Village pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs. The System administers and pays all claims.

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

Note 8 – Defined Benefit Pension Plans

A. Ohio Public Employees Retirement System

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

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

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

For the years ended December 31, 2007 and December 31, 2006, the Village's OPERS members were required to contribute 9.5 percent and 9 percent, respectively, of their annual covered salaries. The Village's contribution rate for pension benefits for 2007 and 2006 was 13.85 percent and 13.7 percent, respectively, of gross wages. The Ohio Revised Code provides statutory authority for member and employer contributions. The Village has paid all required contributions through December 31, 2007.

VILLAGE OF MINERVA PARK, FRANKLIN COUNTY

Notes to the Basic Financial Statements
For the Years Ended December 31, 2006 and 2007

Note 8 – Defined Benefit Pension Plans (Continued)

The Village's required contributions for pension obligations to the traditional and combined plans for the year ended December 31, 2006 was \$16,484. The full amount has been contributed for 2006. The Village's required contribution for pension obligations to the traditional and combined plans for the year ended December 31, 2007 was \$18,703. The full amount has been contributed for 2007.

B. Ohio Police and Fire Pension Fund

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

Plan members during 2006 and 2007 contributed 10% of their annual covered salary to fund pension obligations while the Village is required to contribute 19.5% for police officers. Contributions are authorized by State statute.

The Village's required contributions to the Fund for the year ended December 31, 2006 was \$41,142. The full amount has been contributed for 2006. The Village's required contributions to the Fund for the year ended December 31, 2007 was \$44,668. The full amount has been contributed for 2007.

Note 9 - Post employment Benefits

A. Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Post employment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2007 local government employer contribution rate was 13.85% of covered payroll (17.17% for public safety and law enforcement); 5 percent of covered payroll was the portion that was used to fund health care from January 1 through June 30, 2007, and 6 percent from July 1 through December 31, 2007.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2006, include a rate of return on investments of 8.00 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.30 percent based on additional annual pay increases. Health care premiums were assumed to increase between .5 and 6.00 percent annually for the next nine years and 4.00 percent annually after eight years.

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

VILLAGE OF MINERVA PARK, FRANKLIN COUNTY

Notes to the Basic Financial Statements
For the Years Ended December 31, 2006 and 2007

Note 9 - Post employment Benefits (Continued)

The number of active contributing participants in the traditional and combined plans as of December 31, 2007 was 374,979. Actual employer contributions for 2007 and 2006 which were used to fund postemployment benefits were \$7,427 and \$5,415. The OPERS net assets available is \$12 Billion at December 31, 2006 (latest available). The actuarially accrued liability is 30.7 Billion and the unfunded liability is 18.7 Billion.

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

B. Ohio Police and Fire Pension Fund

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

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

The total police employer contribution rate is 19.5 percent of covered payroll for 2007 and 2006, of which 6.75 and 7.75 percent of covered payroll was applied to the post employment health care program during 2007 and 2006. In addition, since July 1, 1992, most retirees and survivors have been required to contribute a portion of the cost of their health care coverage through a deduction from their monthly benefit payment.

Beginning in 2001, all retirees and survivors have monthly health care contributions.

The Village's actual contributions for 2007 and 2006 that were used to fund postemployment benefits were \$17,733 and \$14,235 for police. Ohio Police and Fire Pension healthcare expense as of December 31, 2006 was \$120,373,772 net of contributions of \$58,532,848. Participants eligible as of December 31, 2006 was 14,120 for police and 10,563 for firefighters.

VILLAGE OF MINERVA PARK, FRANKLIN COUNTY

Notes to the Basic Financial Statements

For the Years Ended December 31, 2006 and 2007

Note 10 - Debt

A summary of long-term debt follows:

	Interest Rate	Balance December 31, 2005	Additions	Reductions	Balance December 31, 2007	Due Within One Year
Waterline Replacement Phase I-OPWC	0%	\$ 68,388	\$ -	\$ 22,795	\$ 45,593	\$11,399
Waterline Replacement Phase II-OPWC	3%	140,159	-	24,796	115,363	12,963
Waterline Replacement Phase III-OPWC	3%	325,342	-	32,711	292,631	17,101
Waterline Replacement Phase IV-OPWC	3%	371,124	-	35,894	335,230	18,764
Lake Restoration Bond - General Obligation Bond	4.8%	225,000	-	40,000	185,000	20,000
Street Paving Project Loan - OPWC	1%	-	93,605	2,534	91,071	5,103
Minerva Lake Road Reconstruction- OPWC	2%	83,874	-	6,778	77,096	4,633
Total		\$1,213,887	\$93,605	\$165,508	\$1,141,984	\$89,963

The Waterline Replacement loans from the Ohio Public Works Commission (OPWC) relate to construction of waterlines within the Village. The OPWC initially approved \$1,506,614.92 in loans to the Village for these projects. The loans are being repaid in semi annual installments, including interest over 20 years.

The Village's Lake Restoration Bond was a voter approved \$365,000.00 general obligation bond to be used for the dredging and beautification of the Village's South Lake. The loans will be repaid in annual installments, including interest, over a 17 year period.

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

The 2006 Street Paving Project loan from OPWC relates to several areas of reconstruction of roads in Minerva Park, mainly on Wildwood Road, and Woodley. The OPWC loan was originally approved at \$93,604.34 for this project during 2007. The loan is being repaid in semi-annual installments, including interest, over a 17 year period.

VILLAGE OF MINERVA PARK, FRANKLIN COUNTY

Notes to the Basic Financial Statements

For the Years Ended December 31, 2006 and 2007

Note 10 – Debt (Continued)

The following is a summary of the Village’s future annual debt service requirements as of 12/31/07:

OPWC		General Obligation Bonds	
Year	Payment	Year	Payment
2008	94,311	2008	28,880
2009	94,311	2009	27,920
2010	94,311	2010	26,960
2011	94,311	2011	31,000
2012	82,913	2012	29,800
2013-2017	381,915	2013-2017	82,000
2018-2022	289,764		
2023-2027	9,002		
Total Payments	1,140,838	Total Payments	226,560
Less: Interest	<u>183,854</u>	Less: Interest	<u>41,560</u>
Present Value	<u><u>956,984</u></u>	Present Value	<u><u>185,000</u></u>

Note 11 –Leases

The Village leases a copier under non-cancelable leases. The Village disbursed \$3,168 to pay lease costs for the year ended December 31, 2007. Future lease payments are as follows:

2008	\$3,168
2009	3,168
2010	3,168
2011	3,168
2012	3,168

Note 12 – Interfund Transfers

During 2006 the following transfers were made:

Transfers from the General Fund to:	
Waterline Debt Service Funds	\$3,511.38
EMS Vehicle Fund	<u>4,999.94</u>
Total Transfers from the General Fund	<u><u>\$8,511.32</u></u>

During 2007 the following transfers were made:

Transfers from the General Fund to:	
EMS Vehicle Fund	<u>\$5,000.00</u>
Total Transfers from the General Fund	<u><u>\$5,000.00</u></u>

VILLAGE OF MINERVA PARK, FRANKLIN COUNTY

Notes to the Basic Financial Statements

For the Years Ended December 31, 2006 and 2007

Note 12 – Interfund Transfers (Continued)

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

The transfer to the waterline phase 2, 3, and 4 was to pay the loan amounts due at the end of 2006, because of a shortage in revenue based on water usage, Resolution #2006-29.

The Transfer to the EMS Vehicle was unused capital from the EMS area of the General Fund set aside for the future purchase of a new EMS vehicle, Resolution # 2006-29 and Resolution # 2007-35.

Note 13 – Joint Ventures

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

Note 14 – Change in Major Funds

As of January 1, 2007, the Village reclassified two of its previous major funds, the State Highway and Sewer Capital Projects Funds, as non-major. The effect on fund balance was as follows:

	State Highway Fund	Sewer Capital Projects	Other Governmental Funds
Fund Balance, December 31, 2006	\$ 55,184	\$ 54,120	\$ 89,588
Adjustment: Fund Reclassification	(55,184)	(54,120)	109,304
Fund Balance, January 1, 2007	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 198,892</u>

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

Village of Minerva Park
2829 Minerva Lake Road
Columbus, Ohio 43231

To the Village Council:

We have audited the financial statements of the Village of Minerva Park, Franklin County, Ohio (the Village) as of and for the years ended December 31, 2007 and 2006, and have issued our report thereon dated May 30, 2008. Except as disclosed in that report that we were unable to obtain sufficient competent evidential matter supporting the Village's swimming pool receipts, reported as Charges for Services, for the year ended December 31, 2006, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

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

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with the modified cash basis of accounting such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the deficiencies described in the accompanying Schedule of Findings as items 2007-001 and 2007-002 to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, we believe the significant deficiency noted above as item 2007-001 is a material weakness.

Compliance and Other Matters

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

In addition, we noted certain matters that we reported to management of the Village in a separate letter dated May 30, 2008.

The Village's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the Village's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of the management, the Board of Trustees, and the Auditor of State of Ohio and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Kennedy Cottrell Richards LLC". The signature is written in a cursive, flowing style.

Kennedy Cottrell Richards LLC
May 30, 2008

VILLAGE OF MINERVA PARK, FRANKLIN COUNTY, OHIO

SCHEDULE OF FINDINGS

DECEMBER 31, 2007 AND 2006

2007-01 Material Weakness: Swimming Pool Receipts

Ohio Administrative Code Section 117-2-02 (A) states that all local public offices shall maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements required by rule 117-2-03 of the Administrative Code.

In the spring of 2006, the Village took over the operation of the community swimming pool. During 2006, the Village did not maintain any supporting documentation of swimming pool receipts, which consisted mainly of annual membership dues and, to a lesser extent, daily walk-in fees. As a result of the lack of supporting documentation, we were not able to obtain sufficient evidential matter pertaining to the Village's swimming pool receipts reported in its 2006 financial statements, which amounted to \$48,469.

For 2007, the Village began maintaining a list of annual pool memberships and the supporting membership applications; however, management did not reconcile the paid memberships to membership dues recorded and deposited. As in 2006, the Village did not maintain supporting documentation for daily walk-in fees. Swimming pool receipts amounted to \$68,589 for 2007.

The Village's management should implement policies and procedures to ensure that the Village's accounting records are maintained in a sufficient and organized manner to maintain financial accountability and document compliance with legal requirements. Management has indicated that they will be implementing a cash register at the swimming pool during 2008, as well as the use of pre-numbered membership applications. We also recommend that management reconcile daily cash register totals to amounts recorded and deposited, as well as to membership applications.

View of Responsible Officials

The failure for the auditor's to audit 2006 revenues for the Minerva Park Swim Club was due to the fact the Village did not take over ownership of the pool until May 8, 2006, emergency Ordinance #01-2006. The bulk of the membership fees, which is a large part of the money collected, was not overseen by the Village due to the fact the membership drive was in the middle of April. After the membership drive it became apparent that the Village would need to take over operations of the pool to ensure a successful season that year, financial support, and for future years with better management of the pool and operations.

After the 2006 pool season new policies were discussed and implemented for the the 2007 season. In 2008 we now have very good policies in place to track money that comes in from memberships and walk in fees. A time clock has been installed at the pool to ensure accurate tracking of employee hours and a register was purchased to track walk in fees. Each family membership was given a unique number to track entrance into the pool and to track the money paid to the Village for membership fees.

VILLAGE OF MINERVA PARK, FRANKLIN COUNTY, OHIO

SCHEDULE OF FINDINGS

DECEMBER 31, 2007 AND 2006

2007-02 Significant Deficiency: Mayor's Court Receipts

Ohio Administrative Code Section 117-2-02 (A) states that all local public offices shall maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets, document compliance with finance-related legal and contractual requirements and prepare financial statements required by rule 117-2-03 of the Administrative Code.

In our testing of Mayor's Court receipts for 2006, we noted four receipts out of a total of 30 we tested that lacked both the magistrate decision and citation to support the receipt amount, and one additional receipt that lacked just the magistrate decision. Without such supporting documentation, management is not able to ensure that the proper fee was assessed and recorded. Court receipts totaled \$47,529 for 2006.

The Village's management should implement policies and procedures to ensure that the Village's accounting records are maintained in a sufficient and organized manner to maintain financial accountability and document compliance with legal requirements. We recommend that management periodically review and monitor Mayor's Court receipts to ensure that the proper supporting documentation is maintained for each receipt.

View of Responsible Officials

The Village did not provide a written response to this finding.

VILLAGE OF MINERVA PARK, FRANKLIN COUNTY, OHIO

SCHEDULE OF PRIOR AUDIT FINDINGS

DECEMBER 31, 2007 AND 2006

<u>Finding Number</u>	<u>Fully Corrected?</u>	<u>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i></u>
2005-001	No	Partially corrected. Reported in separate letter to management.
2005-002	Yes	N/A



Mary Taylor, CPA
Auditor of State

VILLAGE OF MINERVA PARK

FRANKLIN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
AUGUST 5, 2008**