

VILLAGE OF MINSTER

DAYTON REGION, AUGLAIZE COUNTY

REGULAR AUDIT

FOR THE YEAR ENDED
DECEMBER 31, 2009



Mary Taylor, CPA

Auditor of State

Village Council
Village of Minster
5 West Fourth Street
Minster, Ohio 45345

We have reviewed the *Independent Auditors' Report* of the Village of Minster, Auglaize County, prepared by Manning & Associates CPAs, LLC, for the audit period January 1, 2009 through December 31, 2009. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

June 10, 2010

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**VILLAGE OF MINSTER
AUGLAIZE COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditors' Report	1 – 2
Combined Statement of Cash Receipts, Cash Disbursements and Changes – In Fund Cash Balances – All Governmental Fund Types For the Year Ended December 31, 2009	4
Combined Statement of Cash Receipts, Cash Disbursements and Changes in Fund Cash Balances – All Proprietary and Similar Fiduciary Fund Types – For the Year Ended December 31, 2009	5
Notes to the Financial Statements	6 – 16
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	17 – 18

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

INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the Village of Minster, Auglaize County, Ohio (the Village), as of and for the year ended December 31, 2009. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on the financial statements based on our audit.

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

As described more fully in Note 1, the Village has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Village's larger (i.e. major) funds separately. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require Villages to reformat their statements. The Village has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the year ended December 31, 2009 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2009 or its changes in financial position or cash flows, for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village of Minster, Auglaize County, as of December 31, 2009, and its combined cash receipts and disbursements for the year then ended on the accounting basis Note 1 describes.

The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued a report dated May 20, 2010, 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 results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should not be read in conjunction with this report in assessing the results of our audit.

Manning & Associates CPAs, LLC
Dayton, Ohio

May 20, 2010

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**VILLAGE OF MINSTER
AUGLAIZE COUNTY**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2009

	Governmental Fund Types				Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Cash Receipts:					
Property and other Local Taxes	\$ 242,808	\$ 0	\$ 0	\$ 0	\$ 242,808
Municipal Income Taxes	2,597,144	0	0	0	2,597,144
Intergovernmental Receipts	284,627	327,912	0	0	612,539
Special Assessments	0	0	21,054	5,492	26,546
Charges for Services	495,236	1,125	0	26,215	522,576
Fines, Licenses and Permits	7,101	789	0	0	7,890
Earnings on Investments	63,569	1,211	0	0	64,780
Miscellaneous	14,878	47,564	0	57,293	119,735
Total Cash Receipts	<u>3,705,363</u>	<u>378,601</u>	<u>21,054</u>	<u>89,000</u>	<u>4,194,018</u>
Cash Disbursements:					
Current:					
Security of Person and Property	641,459	0	0	0	641,459
Leisure Time Activities	0	171,477	0	0	171,477
Community Environment	14,575	0	0	0	14,575
Transportation	0	454,633	0	0	454,633
General Government	447,819	0	0	0	447,819
Capital Outlay	16,864	130,766	0	651,810	799,440
Debt Service:					
Redemption of Principal	0	0	17,642	0	17,642
Interest Payments	0	0	3,254	0	3,254
Total Cash Disbursements	<u>1,120,717</u>	<u>756,876</u>	<u>20,896</u>	<u>651,810</u>	<u>2,550,299</u>
Total Receipts Over/(Under) Disbursements	<u>2,584,646</u>	<u>(378,275)</u>	<u>158</u>	<u>(562,810)</u>	<u>1,643,719</u>
Other Financing Receipts/(Disbursements):					
Sale of Notes	0	0	0	200,938	200,938
Sale of Fixed Assets	0	0	0	20,670	20,670
Transfers-In	0	397,513	0	1,492,647	1,890,160
Transfers-Out	(2,334,519)	0	0	0	(2,334,519)
Advances-Out	0	0	0	(400,000)	(400,000)
Total Other Financing Receipts/ Disbursements	<u>(2,334,519)</u>	<u>397,513</u>	<u>0</u>	<u>1,314,255</u>	<u>(622,751)</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	250,127	19,238	158	751,445	1,020,968
Fund Cash Balances, January 1	<u>149,282</u>	<u>180,530</u>	<u>14,667</u>	<u>964,506</u>	<u>1,308,985</u>
Fund Cash Balances, December 31	<u>\$ 399,409</u>	<u>\$ 199,768</u>	<u>\$ 14,825</u>	<u>\$ 1,715,951</u>	<u>\$ 2,329,953</u>

The Notes to the Financial Statements are an integral part of this statement.

**VILLAGE OF MINSTER
AUGLAIZE COUNTY**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL PROPRIETARY AND
SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Total (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Changes for Services	\$ 8,762,916	\$ 36,187	\$ 8,799,103
Fines, License and Permits	2,662	0	2,662
Miscellaneous	252,312	0	252,312
Total Operating Cash Receipts	<u>9,017,890</u>	<u>36,187</u>	<u>9,054,077</u>
Operating Cash Disbursements:			
Personal Services	859,154	0	859,154
Travel Transportation	32,127	0	32,127
Contractual Services	6,911,390	0	6,911,390
Supplies and Materials	443,496	0	443,496
Other	7,575	36,187	43,762
Capital Outlay	616,673	0	616,673
Total Operating Cash Disbursements	<u>8,870,415</u>	<u>36,187</u>	<u>8,906,602</u>
Operating Income (Loss)	<u>147,475</u>	<u>0</u>	<u>147,475</u>
Non-Operating Receipts (Disbursements)			
Debt Service:			
Principal Payments	(500,000)	0	(500,000)
Interest Payments	(23,739)	0	(23,739)
Total Non-Operating Cash Receipts	<u>(523,739)</u>	<u>0</u>	<u>(523,739)</u>
Income (Loss) Before Operating Transfers	(376,264)	0	(376,264)
Transfers In	1,714,359	0	1,714,359
Transfers Out	(1,270,000)	0	(1,270,000)
Advance In	400,000	0	400,000
Net Receipts Over/(Under) Disbursements	<u>468,095</u>	<u>0</u>	<u>468,095</u>
Fund Balances, January 1	<u>2,258,976</u>	<u>0</u>	<u>2,258,976</u>
Fund Balances, December 31	<u>\$ 2,727,071</u>	<u>\$ 0</u>	<u>\$ 2,727,071</u>

The Notes to the Financial Statements are an integral part of this statement.

**VILLAGE OF MINSTER
AUGLAIZE COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

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

The Village's management believes these financial statements represent all of the funds of the Village over which the Village officials are financially accountable.

B. Basis of Accounting

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

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

C. Cash and Investments

The Village maintains all funds in an interest bearing checking account, savings account, and certificates of deposit with a local financial institution. The certificates of deposit are valued at cost. The Village pools its cash deposits for investment purposes to capture the highest rate of return.

D. Fund Accounting

The Village uses fund accounting to segregate cash and investments that are restricted as to use. The Village classifies its funds into the following types:

General Fund:

The General Fund reports all financial resources except those required to be accounted for in another fund.

Special Revenue Funds:

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Funds:

**VILLAGE OF MINSTER
AUGLAIZE COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (continued)

Special Revenue Funds: (continued)

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

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

Permissive Motor Vehicle License Fund – This fund receives an additional fee on license plates to pay for constructing, maintaining and repairing Village roads.

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

Debt Service Funds:

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

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

Capital Projects Funds:

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

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

Canal Street Construction – This fund provides monies for the construction of the canal street project.

Fourth Street Construction – This fund provides monies for the construction of the canal street project.

Enterprise Funds:

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

**VILLAGE OF MINSTER
AUGLAIZE COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (continued)

Enterprise Funds: (continued)

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

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

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

Fiduciary Funds (Trust and Agency Funds)

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

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

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

E. Budgetary Process

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

Appropriations

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

**VILLAGE OF MINSTER
AUGLAIZE COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process, (continued)

Estimated Resources

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

Encumbrances

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

A summary of 2009 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

G. Unpaid Vacation and Sick Leave

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

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>2009</u>
Deposits:	
Demand Deposits	\$ 3,557,024
Certificate of Deposits	<u>1,500,000</u>
Total Deposits	\$ <u>5,057,024</u>

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

**VILLAGE OF MINSTER
AUGLAIZE COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

3. BUDGETARY ACTIVITY

Budgetary activity for the year ending December 31, 2009 was as follows:

2008 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 3,314,993	\$ 3,705,363	\$ 390,370
Special Revenue	725,035	776,114	51,079
Debt Service	21,054	21,054	0
Capital Projects	1,557,540	1,803,255	245,715
Enterprise Funds	10,204,756	10,732,249	527,493
Fiduciary Fund	36,300	36,187	(113)
Total	<u>\$ 15,859,678</u>	<u>\$ 17,074,222</u>	<u>\$ 1,214,544</u>

2009 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 3,459,339	\$ 3,455,236	\$ 4,103
Special Revenue	870,181	756,876	113,305
Debt Service	20,969	20,896	73
Capital Projects	1,836,746	651,810	1,184,936
Enterprise Funds	11,731,113	10,664,154	1,066,959
Fiduciary Fund	36,300	36,187	113
Total	<u>\$ 17,954,648</u>	<u>\$ 15,585,159</u>	<u>\$ 2,369,489</u>

**VILLAGE OF MINSTER
AUGLAIZE COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

4. DEBT OBLIGATIONS

Village Debt outstanding at December 31, 2009 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Special Assessment Notes	\$ 261,202	4.10-6.45%
Water System Anticipation Note	<u>300,000</u>	3.74%
	<u>\$ 561,202</u>	

Special Assessment Notes:

2000 Paris Street Special Assessment Note, due in semiannual payments on June 26 and December 26 through 2010 at a rate of 6.0 percent. Principal balance at December 31, 2009 \$3,860.

2002 Hamilton Street Assessment Note, due June 18, 2013 at a rate of 4.5 percent. Principal balance at December 31, 2009 \$2,757.

2004 Eagle Acres Special Assessment Note, due in semiannual payments on January 5 and July 5 through July 5, 2015, at a rate of 4.12 percent. Principal balance at December 31, 2009 \$51,817.

2006 State Route 66 Special Assessment Note, due in semiannual payments on January 5 and July 5 through July 5, 2011, at a rate of 4.6 percent. Principal balance at December 31, 2009 \$1,830.

2009 Hanover St/Midway Drive Special Assessment Note, due in semiannual payments on January 22 and July 22 through July 22, 2019, at a rate of 4.10 percent. Principal balance at December 31, 2009 \$200,938.

Water System Improvement Bond Anticipation Note:

The Village is constructing a new water plant facility. Bond anticipation notes in the amount of \$2,800,000 were issued in 2006 for the project. Semiannual interest payments are due on April 20 and October 20 through April 2010 at a rate of 3.74 percent. Principal to be paid in full April 2010.

Omega JV 5 – AMP

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

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

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

**VILLAGE OF MINSTER
AUGLAIZE COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

4. DEBT OBLIGATIONS (Continued)

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

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

Year Ending December 31:	Special Assess. Notes	Water System Note
2010	\$ 45,236	\$ 305,610
2011	39,987	0
2012	37,814	0
2013	35,644	0
2014	34,453	0
2015-2019	<u>121,999</u>	<u>0</u>
Total	<u>\$ 315,133</u>	<u>\$ 305,610</u>

5. PROPERTY TAX

Real property taxes become a lien on January 1 proceeding the October 1 date for which rates are adopted by Village Council. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payments, the first half is due December 31. The second half payment is due the following June 20.

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

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

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

6. LOCAL INCOME TAX

This locally levied tax of 1.5 percent applies to gross salaries, wages and other personal service compensation earned by residents both in and out of the Village and to earnings of nonresidents (except certain transients) earned in the Village. It also applies to the net income of business organizations located in the Village. Tax receipts are credited to the Village and amounted to \$2,597,144 in 2009.

**VILLAGE OF MINSTER
AUGLAIZE COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

7. RETIREMENT SYSTEMS

The Village's law enforcement officers belong to the Ohio Police and Fire Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes rates. For 2009, OP&F participants contributed 10 percent of their wages. The Village contributes an amount equal to 19.5 percent of their wages. For 2009, OPERS members contribute 10 percent of their gross salaries and the Village contributed an amount equal to 14 percent of covered payroll. The Village has paid all contributions required through December 31, 2009.

8. RISK MANAGEMENT

The Village is belongs to the Ohio Government Risk Management Plan (the "Plan"), an unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to over 650 Ohio governments ("Members").

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine, and other coverages, modified for each Member's needs. The plan pays judgments, settlements, and other expenses resulting from claims that exceed the Member's deductible.

The Plan issues its own policies and reinsures the Plans with A-VII or better rated carriers, except for the 15 percent casualty and the 10 percent property portions the Plan retains. The Plan pays the lesser of 15 percent or \$37,500 of casualty losses and the lesser of 10 percent of \$100,000 of property losses. Individual members are only responsible for their self-retention (deductible) amounts, which may vary from member to member.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other obligation to the Plan. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three years.

The Pool's audited financial statements conform to generally accepted accounting principles, and reported the following assets liabilities and retained earnings at December 31, 2008 and 2007 (the latest information available):

	<u>2008</u>	<u>2007</u>
Assets	\$10,471,114	\$11,136,455
Liabilities	<u>(5,286,781)</u>	<u>(4,273,553)</u>
Members' Equity	<u>\$5,184,333</u>	<u>\$6,862,902</u>

You can read the complete audited financial statements for The Ohio Government Risk Management Plan at the Plan's website, www.ohioplan.org.

Boiler coverage has been obtained through a commercial carrier.

**VILLAGE OF MINSTER
AUGLAIZE COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

8. RISK MANAGEMENT, (Continued)

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

9. JOINT VENTURES WITH EQUITY INTEREST

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

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

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

Pursuant to the Agreement each participant has an obligation to pay its share of debt service on the Beneficial Interest Certificates (Certificates) from the revenues of its electric system, subject only to the prior payment of Operating & Maintenance Expenses (O&M) of each participant's System, and shall be on a parity with any outstanding and future senior electric system revenue bonds, notes or other indebtedness payable from any revenues of the System. On dissolution of OMEGA JV5, the net assets will be shared by the financing participants on a percentage of ownership basis. Under the terms of the Agreement each participant is to fix, charge and collect rates, fees and charges at least sufficient in order to maintain a debt coverage ratio equal to 110% of the sum of OMEGA JV5 debt service and any other outstanding senior lien electric system revenue obligations. As of December 31, 2009, Minster has met their debt coverage obligation.

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

OMEGA JV5 is managed by AMP, which acts as the joint venture's agent. During 1993 and 2001 AMP issued \$153,415,000 and \$13,899,981 of 30 year fixed rate Beneficial Interest Certificates (Certificates) on behalf of the Financing Participants of OMEGA JV5. The 2001 Certificates accrete to a value of \$56,125,000 on February 15, 2030. The net proceeds of the bond issues were used to construct the OMEGA JV5 Project. On February 17, 2004 the 1993 Certificates were refunded by issuing 2004 Beneficial Interest Refunding Certificates in the amount of \$116,910,000, which resulted in a savings to the membership of \$34,951,833 from the periods 2005 through 2024.

**VILLAGE OF MINSTER
AUGLAIZE COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2009

9. JOINT VENTURES WITH EQUITY INTEREST, (continued)

The Village's net investment to date in OMEGA JV5 was \$213,583 at December 31, 2009. Complete financial statements for OMEGA JV5 may be obtained from AMP or from the State Auditor's website at www.auditor.state.oh.us.

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

	Principal	Interest	Refunding	Total
2010	\$ 91,074	\$ 91,346	\$ 27,363	\$ 209,783
2011	93,764	88,614	27,357	209,735
2012	96,853	85,566	27,363	209,782
2013	101,735	80,724	27,369	209,828
2014	106,717	75,637	27,353	209,707
2015-2019	622,967	292,098	137,260	1,052,325
2020-2024	791,762	120,448	136,832	1,049,042
Total	<u>\$1,904,872</u>	<u>\$834,433</u>	<u>\$410,897</u>	<u>\$3,156,202</u>

10. TRANSFERS AND ADVANCES

All transfers were made in accordance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.15.

Transfers from the General Fund to:	2009
Special Revenue Funds	\$ 397,513
Capital Project Funds	1,492,647
Enterprise Funds	444,359
Transfers from the Electric Fund to:	
Electric System Upgrade	400,000
Transfers from the Sewer Fund to:	
WWTP Renovation	600,000
Transfers from the Water Fund to:	
Water Plant Construction	270,000
Total Transfers	<u>\$ 3,604,519</u>

Outstanding advance at December 31, 2009 consist of advance from Capital Projects fund to Water Plant Construction fund for the construction of the water plant.

11. SUBSEQUENT EVENTS

Management has evaluated subsequent events through May 20, 2010, the date on which the financial statements were available for issue.

**VILLAGE OF MINSTER
AUGLAIZE COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR YEAR ENDED DECEMBER 31, 2009

12. SEGMENT INFORMATION FOR THE ELECTRIC FUND

The Village maintains two enterprise funds to account for the operation of the electric utility. The table below reflects, in summarized format, the more significant financial data relating to the Electric Fund and the Electric System Upgrade Fund for the year ended December 31, 2009.

	<u>Electric Fund</u>	<u>Electric System Upgrade</u>	<u>Water Plant Construction</u>	<u>Other Enterprise Funds</u>	<u>Total Enterprise Funds</u>
Operating Revenues:	\$ 7,486,283	\$ 0	\$ 0	\$ 1,531,607	\$ 9,017,890
Operating Expenses:					
Personal Service	406,279	0	0	452,875	859,154
Travel Transportation	20,656	0	0	11,471	32,127
Contractual Services	6,571,544	0	0	339,846	6,911,390
Supplies and Materials	255,386	0	0	188,110	443,496
Other	0	0	0	7,575	7,575
Total Operating Expenses	<u>7,253,865</u>	<u>0</u>	<u>0</u>	<u>999,877</u>	<u>8,253,742</u>
Operating Income/ (Loss)	232,418	0	0	531,730	764,148
Capital Outlay	(164,017)	(405,810)	0	(46,846)	(616,673)
Redemption of Principal	0	0	(500,000)	0	(500,000)
Interest Payments	0	0	(23,739)	0	(23,739)
Transfers In	434,359	400,000	270,000	610,000	1,714,359
Transfers Out	(400,000)	0	0	(870,000)	(1,270,000)
Advance In	0	0	400,000	0	400,000
Net Receipts Over/ (under) Disbursements	102,760	(5,810)	146,261	224,884	468,095
Fund Balance, Beginning	881,532	444,611	93,407	839,426	2,258,976
Fund Balance, Ending	<u>\$ 984,292</u>	<u>\$ 438,801</u>	<u>\$ 239,668</u>	<u>\$ 1,064,310</u>	<u>\$ 2,727,071</u>

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

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

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

To the Village Council:

We have audited the financial statements of the Village of Minster, Auglaize County (the Village), as of and for the year ended December 31, 2009, and have issued our report thereon dated May 20, 2010 wherein we noted the Village followed accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting 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 deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. *A material weakness* is a deficiency, or a combination of internal control deficiencies, resulting in more than a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have 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 an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

This report is intended solely for the information and use of the management, the Members of Council, and others within the Village and is not intended to be and should not be used by anyone other than these specified parties.

Manning & Associates CPAs, LLC
Dayton, Ohio

May 20, 2010



Mary Taylor, CPA
Auditor of State

VILLAGE OF MINSTER

AUGLAIZE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JUNE 22, 2010**