

**VILLAGE OF ST. HENRY  
MERCER COUNTY, OHIO**

***Financial Statements***  
**(Audited)**

For The Year Ended  
December 31, 2002

**RUTH MILLER, CLERK/TREASURER**





**Auditor of State  
Betty Montgomery**

Members of Council and Mayor  
Village of St. Henry  
371 North Linn Street  
St. Henry, Ohio 45883

We have reviewed the Independent Auditor's Report of the Village of St. Henry, Mercer County, prepared by Trimble, Julian & Grube, Inc., for the audit period January 1, 2002 to December 31, 2002. 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 St. Henry is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY  
Auditor of State

April 15, 2003

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**VILLAGE OF ST. HENRY  
MERCER COUNTY, OHIO**

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# TRIMBLE, JULIAN & GRUBE, INC.

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## Independent Auditor's Report

Members of Council and Mayor  
Village of St. Henry  
371 North Linn Street  
St. Henry, OH 45883

We have audited the accompanying financial statements of the Village of St. Henry, Mercer County, as of and for the year ended December 31, 2002. These financial statements are the responsibility of the Village of St. Henry's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances and fund balances of the Village of St. Henry, as of December 31, 2002, and its combined cash receipts and disbursements, combined budgeted and actual receipts and budgeted and actual disbursements and encumbrances for the year then ended on the basis of accounting described in Note 2.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 21, 2003, on our consideration of the Village of St. Henry's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

Trimble, Julian & Grube, Inc.  
March 21, 2003

**VILLAGE OF ST. HENRY  
MERCER COUNTY, OHIO**

COMBINED STATEMENT OF CASH  
FUND BALANCES - ALL FUND TYPES  
DECEMBER 31, 2002

<u>Cash and Investments</u>	<u>2002</u>
Cash and Cash Equivalents	\$ 55,000
Investments	<u>594,791</u>
Total Cash and Investments	<u>\$ 649,791</u>
 <u>Fund Balances</u>	
<u>Governmental Fund Types:</u>	
General Fund	\$ 205,190
Special Revenue Funds	260,787
Capital Projects Funds	<u>2,086</u>
Total Governmental Fund Types	<u>468,063</u>
 <u>Proprietary Fund Type:</u>	
Enterprise Funds	<u>181,728</u>
Total Fund Balances	<u>\$ 649,791</u>

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



**VILLAGE OF ST. HENRY  
MERCER COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES  
IN CASH FUND BALANCES - ALL GOVERNMENTAL FUND TYPES -  
FOR THE YEAR ENDED DECEMBER 31, 2002

	Governmental Fund Types			Total (Memorandum Only)
	General	Special Revenue	Capital Projects	
Cash receipts:				
Local taxes	\$ 65,466	\$ 517,535	\$ -	\$ 583,001
Intergovernmental	286,295	90,623	-	376,918
Special assessments	-	-	8,383	8,383
Charges for services	-	43,157	-	43,157
Fines, licenses, and permits	11,907	-	-	11,907
Interest	3,323	198	-	3,521
Rental	5,530	-	-	5,530
Miscellaneous	10,427	-	-	10,427
Total cash receipts	<u>382,948</u>	<u>651,513</u>	<u>8,383</u>	<u>1,042,844</u>
Cash disbursements:				
Current:				
Security of persons and property	170,388	13,923	-	184,311
Public health services	5,486	-	-	5,486
Leisure time activities	-	81,326	-	81,326
Transportation	38,167	69,923	-	108,090
General government	12,523	173,175	233	185,931
Capital outlay	19,221	297,407	-	316,628
Debt service:				
Principal retirement	-	21,001	7,064	28,065
Interest charges	-	-	692	692
Total cash disbursements	<u>245,785</u>	<u>656,755</u>	<u>7,989</u>	<u>910,529</u>
Total cash receipts over/(under) cash disbursements	<u>137,163</u>	<u>(5,242)</u>	<u>394</u>	<u>132,315</u>
Other financing receipts/(disbursements):				
Sale of assets	13,900	-	-	13,900
Transfers-in	-	47,392	-	47,392
Transfers-out	-	(47,392)	-	(47,392)
Proceeds of note	-	105,001	-	105,001
Total other financing receipts/(disbursements)	<u>13,900</u>	<u>105,001</u>	<u>-</u>	<u>118,901</u>
Excess of cash receipts and other financing receipts over cash disbursements and other financing disbursements	151,063	99,759	394	251,216
Cash fund balances, January 1, 2002	<u>54,127</u>	<u>161,028</u>	<u>1,692</u>	<u>216,847</u>
Cash fund balances, December 31, 2002	<u>\$ 205,190</u>	<u>\$ 260,787</u>	<u>\$ 2,086</u>	<u>\$ 468,063</u>

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

**VILLAGE OF ST. HENRY  
MERCER COUNTY, OHIO**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,  
AND CHANGES IN CASH FUND BALANCES - PROPRIETARY  
FUND TYPE AND SIMILAR FIDUCIARY FUND TYPE -  
FOR THE YEAR ENDED DECEMBER 31, 2002

	Proprietary Fund Type	Fiduciary Fund Type	Total (Memorandum Only)
	Enterprise	Agency	
Operating cash receipts:			
Charges for services	\$ 707,158	\$ -	\$ 707,158
Miscellaneous	300	-	300
Total operating cash receipts	<u>707,458</u>	<u>-</u>	<u>707,458</u>
Operating cash disbursements:			
Personal services	198,919	-	198,919
Employee fringe benefits	28,442	-	28,442
Contractual services	400,270	-	400,270
Supplies and material	170,737	-	170,737
Miscellaneous	22,816	-	22,816
Total operating cash disbursements	<u>821,184</u>	<u>-</u>	<u>821,184</u>
Operating (loss)	<u>(113,726)</u>	<u>-</u>	<u>(113,726)</u>
Nonoperating cash receipts/(disbursements):			
Fines collected	-	992	992
Fines disbursed	-	(992)	(992)
Special assessments	19,788	-	19,788
Proceeds of notes	114,660	-	114,660
Debt service:			
Principal	(51,416)	-	(51,416)
Total nonoperating cash receipts/(disbursements)	<u>83,032</u>	<u>-</u>	<u>83,032</u>
Net loss	(30,694)	-	(30,694)
Cash fund balances, January 1, 2002	<u>212,422</u>	<u>-</u>	<u>212,422</u>
Cash fund balances, December 31, 2002	<u>\$ 181,728</u>	<u>\$ -</u>	<u>\$ 181,728</u>

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

VILLAGE OF ST. HENRY  
MERCER COUNTY, OHIO

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,  
AND ENCUMBRANCES COMPARED WITH EXPENDITURE  
AUTHORITY - BUDGET AND ACTUAL -  
FOR THE YEAR ENDED DECEMBER 31, 2002

Fund Types	Receipts				Disbursements					Variance Favorable (Unfavorable)	
	County Certified Unencumbered Cash	Budget	Total Estimated Resources	Actual 2002 Receipts	Variance Favorable (Unfavorable)	Prior Year Carryover Appropriations	2002 Appropriations	Total	Actual 2002 Disbursements		Encumbrances Outstanding at 12/31/02
Governmental:											
General	\$ 54,127	\$ 269,944	\$ 324,071	\$ 396,848	\$ 126,904	\$ -	\$ 264,300	\$ 264,300	\$ 245,785	\$ -	\$ 18,515
Special Revenue	158,652	623,512	782,164	803,906	180,394	-	723,808	723,808	704,147	600	19,061
Capital Projects	1,692	130,000	131,692	8,383	(121,617)	-	129,300	129,300	7,989	-	121,311
Proprietary:											
Enterprise	212,422	726,400	938,822	841,906	115,506	14,500	881,300	895,800	872,600	13,546	9,654
Total	\$ 426,893	\$ 1,749,856	\$ 2,176,749	\$ 2,051,043	\$ 301,187	\$ 14,500	\$ 1,998,708	\$ 2,013,208	\$ 1,830,521	\$ 14,146	\$ 168,541

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

**VILLAGE OF ST. HENRY  
MERCER COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2002

**NOTE 1 - DESCRIPTION OF THE ENTITY**

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

The Village operates under a council-mayor form of government and provides the following services: water and sewer utilities, street maintenance and repair, park operations, police services, Mayors Court, as well as other general government services.

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

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

A. BASIS OF PRESENTATION - FUND ACCOUNTING

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

GOVERNMENTAL FUNDS

General Fund

The general fund is used to account for all activities of the Village not required to be included in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds

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

**VILLAGE OF ST. HENRY  
MERCER COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2002

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

The Village had the following significant special revenue funds:

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

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

*Income Tax Fund* - This fund receives monies from collections on the Village's 1% income tax imposed.

Capital Projects Funds

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

*Capital Improvement Special Assessment Construction* - This fund receives monies for the special assessment construction projects.

Enterprise Funds

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

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

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

*Water Revenue Bond Retirement Fund* - This fund is used to improve and extend the municipal water system. Water user fees are used to pay this debt.

**VILLAGE OF ST. HENRY  
MERCER COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2002

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

Fiduciary Funds/Agency Funds

Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following significant fiduciary fund:

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

**B. BASIS OF ACCOUNTING**

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

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

**C. BUDGETARY PROCESS**

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting.

The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds are legally required to be budgeted and appropriated except for Agency funds. The primary level of budgetary control is at the item level within each fund. Any budgetary modifications at this level may only be made by resolution of the Village's Council.

**VILLAGE OF ST. HENRY  
MERCER COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2002

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

*Tax Budget:*

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

*Estimated Resources:*

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

*Appropriations:*

A temporary appropriation measure to control cash disbursements may be passed on or about January 1 of each year for the period January to March 31. An annual appropriation measure must be passed by April 1 of each year for the period January 1 to December 31. The appropriations measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources. There was one supplemental appropriation amendment in 2002.

*Encumbrances:*

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

**VILLAGE OF ST. HENRY  
MERCER COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2002

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

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be reappropriated. The Village had outstanding encumbrances at December 31, 2002.

**D. CASH AND CASH EQUIVALENTS**

For reporting purposes, the Village considers "Cash and Cash Equivalents" to be cash on hand, demand deposits, and all investments held by the Village with a maturity date less than or equal to three months from the date of purchase. Interest income earned and received by the Village totaled \$3,521 for the year ended December 31, 2002.

**E. PROPERTY, PLANT AND EQUIPMENT**

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

**F. INTERGOVERNMENTAL REVENUES**

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

**G. UNPAID VACATION AND SICK LEAVE**

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



**VILLAGE OF ST. HENRY  
MERCER COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2002

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

H. INTERFUND TRANSACTIONS

During the course of normal operations, the Village had transactions between funds. The most significant include:

Transfers of resources from one fund to another fund. The resources transferred are to be expended for operations by the receiving fund and are recorded as operating transfers.

I. TOTAL COLUMNS ON FINANCIAL STATEMENTS

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

**NOTE 3 - CASH AND INVESTMENTS**

The Village maintains individual cash balances in bank accounts and short-term cash equivalents classified as "Cash and Cash Equivalents" on the Combined Statement of Cash Fund Balances.

A. LEGAL REQUIREMENTS

Statutes require the classifications of funds held by the Village into three categories:

**Category 1** consists of active funds - those funds required to be kept in a cash or cash equivalent status for immediate use by the Village. Such funds must be maintained either as cash in the Village treasury or in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts.

**Category 2** consists of inactive funds - those funds not required for use within the current two year period of designation of depositories. Inactive funds may be deposited or invested only as certificates of deposit maturing no later than the end of the current period of designation of depositories.

**Category 3** consists of interim funds - those funds which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim funds may be invested or deposited in the following securities:

**VILLAGE OF ST. HENRY  
MERCER COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2002

**NOTE 3 - CASH AND INVESTMENTS - (Continued)**

Inactive funds may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities 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;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio).

The Village may also invest any monies not required to be used for a period of six months or more in the following:

1. Bonds of the State of Ohio;
2. Bonds of any municipal corporation, village, county, township, or other political subdivision of this State, as to which there is no default principal, interest or coupons;
3. Obligations to the Village

**VILLAGE OF ST. HENRY  
MERCER COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2002

**NOTE 3 - CASH AND INVESTMENTS - (Continued)**

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. Historically, the Village has not purchased these types of investments or issued these types of notes. 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.

**B. CASH AND INVESTMENTS**

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

	<u>2002</u>
Deposits:	
Demand deposits	\$ 55,000
Investments:	
Repurchase agreement	<u>594,791</u>
Total deposits	<u>\$649,791</u>

**C. DEPOSITS**

For the year ended December 31, 2002, the carrying amount of the Village's deposits was \$55,000 and the bank balance was \$90,938. The bank balance was covered by federal depository insurance.

Ohio Revised Code Chapter 135, Uniform Depository Act, authorizes pledging of pooled securities in lieu of pledging specific securities. Specifically, a designated public depository may pledge a single pool of eligible securities to secure the repayment of all public monies deposited in the financial institution, provided that at all times the total value of the securities so pledged is at least equal to 110% of the total amount of all public deposits secured by the pool, including the portion of such deposits covered by any federal deposit insurance.

**VILLAGE OF ST. HENRY  
MERCER COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2002

**NOTE 3 - CASH AND INVESTMENTS - (Continued)**

D. INVESTMENTS

For the year ended December 31, 2002, the Village held investments of repurchase agreements which are uninsured and unregistered investments in which the securities are held by the counterparty's trust department or agent in the Village's name. The market value of the repurchase agreements was approximately the same as the carrying value.

**NOTE 4 - PROPERTY TAX**

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

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

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

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

**VILLAGE OF ST. HENRY  
MERCER COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2002

**NOTE 5 - DEBT OBLIGATIONS**

At December 31, 2002, debt obligations consisted of the following issuances:

<u>Description</u>	<u>Balance at 12/31/02</u>
1994 Ohio Public Works Commission (OPWC) Main Street Water Line Loan, due in semiannual payments of \$2,703 through 2013, interest free.	\$ 59,477
1995 Ohio Public Works Commission (OPWC) Water Treatment Plant Expansion Loan, due in semiannual payments of \$3,875 through 2015, interest free.	96,875
2000 Special Assessment Note, due in semiannual payments of \$3,528 through 2003, at a rate of 5.5%.	3,528
2002 Promissory note, due in annual payments of \$21,000 through 2006, interest free.	84,000
2002 Promissory note, due in annual payment of \$38,200 through 2004, interest free.	<u>76,400</u>
Balance at December 31, 2002	<u><u>\$ 320,280</u></u>

**VILLAGE OF ST. HENRY  
MERCER COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2002

**NOTE 5 - DEBT OBLIGATIONS - (Continued)**

Transactions for the year ended December 31, 2002, are summarized as follows:

<u>Description</u>	<u>Balance at 12/31/01</u>	<u>Proceeds</u>	<u>Payments</u>	<u>Balance at 12/31/02</u>
1994 OPWC Loan	\$ 64,883	\$ -	\$ (5,406)	\$ 59,477
1995 OPWC Loan	104,625	-	(7,750)	96,875
2000 Special Assessment Note	10,592	-	(7,064)	3,528
2002 Promissory Note	-	105,001	(21,001)	84,000
2002 Promissory Note	<u>-</u>	<u>114,660</u>	<u>(38,260)</u>	<u>76,400</u>
 Total Debt Obligations	 <u>\$ 180,100</u>	 <u>\$219,661</u>	 <u>\$ (79,481)</u>	 <u>\$ 320,280</u>

The principal and interest requirements to retire the debt obligations outstanding at December 31, 2002, are as follows:

<u>Year Ending December 31,</u>	<u>OPWC Loan - 1994 Principal</u>	<u>OPWC Loan - 1995 Principal</u>
2003	\$ 5,406	\$ 7,750
2004	5,406	7,750
2005	5,406	7,750
2006	5,406	7,750
2007	5,406	7,750
2008 - 2012	27,030	38,750
2013 - 2015	<u>5,417</u>	<u>19,375</u>
 TOTALS	 <u>\$ 59,477</u>	 <u>\$ 96,875</u>

**VILLAGE OF ST. HENRY  
MERCER COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2002

**NOTE 5 - DEBT OBLIGATIONS - (Continued)**

Year Ending December 31,	Special Assessment Notes		2002 Promissory Note	2002 Promissory Note	Total	
	Principal	Interest			Principal	Interest
2003	\$ 3,528	\$ 97	\$ 21,000	\$ 38,200	\$ 75,884	\$ 97
2004	-	-	21,000	38,200	72,356	-
2005	-	-	21,000	-	34,156	-
2006	-	-	21,000	-	34,156	-
2007	-	-	-	-	13,156	-
2008 - 2012	-	-	-	-	65,780	-
2013 - 2015	-	-	-	-	24,792	-
<b>TOTALS</b>	<b><u>\$ 3,528</u></b>	<b><u>\$ 97</u></b>	<b><u>\$ 84,000</u></b>	<b><u>\$ 76,400</u></b>	<b><u>\$ 320,280</u></b>	<b><u>\$ 97</u></b>

**NOTE 6 - INTERFUND TRANSACTIONS**

The Village had the following interfund transactions for the year ended December 31, 2002:

<u>Fund Type/Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
<u>Special Revenue Funds</u>		
Income Tax	\$ -	\$ 47,392
Parks & Recreation	46,000	
State Grant Fund	<u>1,392</u>	<u>-</u>
Total	<u>\$ 47,392</u>	<u>\$ 47,392</u>

All transfers in and out complied with the Ohio Revised Code.

**VILLAGE OF ST. HENRY  
MERCER COUNTY, OHIO**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2002

**NOTE 7 - RETIREMENT SYSTEMS**

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

Contribution rates are also prescribed by the Ohio Revised Code. For 2002, members of OP&F contributed 10.1% of their wages to the OP&F. The Village contributed an amount equal to 19.5% of their wages. PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries. The Village has paid all contributions required through December 31, 2002.

**NOTE 8 - RISK MANAGEMENT**

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

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

**NOTE 9 - CONTINGENT LIABILITY**

LITIGATION

The Village is currently not involved in litigation.



# TRIMBLE, JULIAN & GRUBE, INC.

“SERVING OHIO LOCAL GOVERNMENTS”

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

Members of Council and Mayor  
Village of St. Henry  
371 North Linn Street  
St. Henry, OH 45883

We have audited the financial statements of the Village of St. Henry as of and for the year ended December 31, 2002, and have issued our report thereon dated March 21, 2003. 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.

### Compliance

As part of obtaining reasonable assurance about whether the Village of St. Henry’s financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards. However, we noted other immaterial instances of noncompliance that we have reported to the management of the Village of St. Henry in a separate letter dated March 21, 2003.

Members of Council and Mayor  
Village of St. Henry

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village of St. Henry's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to the management of the Village in a separate letter dated March 21, 2003.

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

Trimble, Julian & Grube, Inc.  
March 21, 2003

**VILLAGE OF ST. HENRY  
MERCER COUNTY, OHIO**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2002**

<b><u>Finding Number</u></b>	<b><u>Finding Summary</u></b>	<b><u>Fully Corrected?</u></b>	<b>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i></b>
2001-VSH-001	Ohio Revised Code Section 5705.41(D) requires that no orders or contracts involving the expenditure of monies are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.	Yes	Finding no longer valid.





**Auditor of State  
Betty Montgomery**

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Facsimile 614-466-4490

**VILLAGE OF ST. HENRY**

**MERCER 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  
MAY 8, 2003**