

**Village of Saint Paris
Financial Statements
December 31, 2001 and 2000**



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Village Council and Mayor
Village of Saint Paris
135 West Main St.
Saint Paris, Ohio 43072

We have reviewed the Independent Auditor's Report of the Village of Saint Paris, Champaign County, prepared by Taylor, Applegate, Hughes and Associates, Ltd., for the audit period January 1, 2000 to December 31, 2001. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

JIM PETRO
Auditor of State

July 17, 2002

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Village of Saint Paris
Financial Statements
December 31, 2001 and 2000

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Village of St. Paris
Champaign County

135 West Main Street
Saint Paris, Ohio 43072

Elected Officials and administrative personnel as of December 31, 2001

Name	Title	Term of office or contract period
Ed Mason	Mayor	1/1/00 - 12/31/03
Linda Coleman	Clerk	4/1/00 – 3/31/04
Rick Burnside	Council President Pro Tem	1/01/00 - 12/31/03
Lynn Miller	Council	1/01/00 - 12/31/03
Jerry Carlson	Council	1/10/02 - 12/31/05
Joe Braden	Council - Appointed	1/1/02 - 12/31/05
Suellen Slayton	Council	1/1/02 - 12/31/05
Larry Watkins	Council	1/1/02 - 12/31/05
Paul Fry	BPA	1/01/00 - 12/31/03
Paul Hershberger	BPA	1/01/00 - 12/31/03
Kyle Bowman	BPA President	1/01/02 - 12/31/05

ADMINISTRATIVE PERSONNEL

James Pence, Jr.	Police Chief	Indefinite
Alvin Ben Pence	Street Commissioner	Appointed Annually
William Wardley	Waste Water Superintendent	Indefinite

Village Solicitor
Cathy J. Weithman
201 West Court Street
Urbana, Ohio 43078

Village of Saint Paris
Financial Statement
December 31, 2001 and 2000

Index of Funds

Governmental Fund Types:

General Fund Type:

General Fund

Special Revenue Fund Type:

Street Construction, Maintenance & Repair Fund

State Highway Improvement Fund

Solid Waste Fund

Parks and Recreation Fund

Law Enforcement Trust Fund

Drug Fines Fund

Storm Drains Fund

Emergency Medical Service Fund

Capital Projects Fund Type:

Ohio Public Works Commission Grant Fund

Proprietary Fund Types:

Enterprise Fund Type:

Water Fund

Sewer Fund

Sewer Assessment Fund

Fiduciary Fund Type:

Trust and Agency Fund types:

Expendable Trust Funds

Income Tax Fund

Agency Funds

Mayor's Court Fund

Keith O. Applegate, CPA
Kathleen M. Hughes, CPA

Richard R. Taylor, CPA (1931-1998)

Julie L. Griffin, CPA

Kristi L. Leeth, CPA
Valerie Friley Walker, CPA
Sara M. Bratka, CPA

Report of Independent Accountants

Honorable Mayor and Village Council
Village of Saint Paris
135 West Main Street
Saint Paris, Ohio 43072

We have audited the accompanying financial statements of the Village of Saint Paris, Champaign County, (the Village), as of and for the years ended December 31, 2001 and December 31, 2000. These financial statements are the responsibility of the Village'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 1, the Village prepares its financial statements on the basis of accounting prescribed or permitted by the 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 fund cash balances and reserves for encumbrances of the Village, as of December 31, 2001 and December 31, 2000, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued a report dated June 7, 2002 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 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 result of our audit.

This report is intended solely for the information and use of the management, Village Council and other 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.

Taylor, Applegate, Hughes and Associates, Ltd.
June 7, 2002

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VILLAGE OF SAINT PARIS

Champaign County

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

	<u>Governmental Fund Types</u>			<u>Fiduciary</u>	<u>Total</u> (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects Funds</u>	<u>Fund</u> Expendable trust	
Cash Receipts:					
Local Taxes	\$ 66,070	\$ 99,753			\$ 165,823
Intergovernmental	83,388	75,871	257,666		416,924
Charges for services	70	3,472			3,542
Fines, licenses, and permits	20,871				20,871
Interest	23,181	1,099		1,552	25,832
Miscellaneous	<u>28,962</u>	<u>26,327</u>	<u>-</u>	<u>-</u>	<u>55,289</u>
Total Cash Receipts	222,542	206,521	257,666	1,552	688,282
Cash Disbursements:					
Current:					
Security of persons and property	230,624				230,624
Public health services		14,535			14,535
Leisure time activities		16,992		2,258	19,250
Community Environment	12,187				12,187
Transportation	33,424	229,303	257,666		520,393
General government	136,495				136,495
Capital Outlay					-
Debt Service	<u>7,630</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,630</u>
Total Cash Disbursements	<u>420,360</u>	<u>260,830</u>	<u>257,666</u>	<u>2,258</u>	<u>941,114</u>
Total receipts over/(under) disbursements	<u>(197,818)</u>	<u>(54,309)</u>	<u>-</u>	<u>(706)</u>	<u>(252,833)</u>
Other financing receipts/(disbursements):					
Transfers-in	281,326	103,326			384,652
Transfers-out	<u>(103,326)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(103,326)</u>
Total other financing receipts/(disbursements)	<u>178,000</u>	<u>103,326</u>	<u>-</u>	<u>-</u>	<u>281,325</u>
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements	<u>(19,818)</u>	<u>49,017</u>	<u>-</u>	<u>(706)</u>	<u>28,493</u>
Fund Cash balances, January 1, 2001	\$ 56,140	\$ 170,157	\$ -	\$ 3,737	\$ 230,035
Fund balance adjustments	<u>495</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>495</u>
Fund balance after adjustments	56,635	170,157	-	3,737	230,530
Fund Cash balances, December 31, 2001	<u>\$ 36,817</u>	<u>\$ 219,174</u>	<u>\$ -</u>	<u>\$ 3,032</u>	<u>\$ 259,023</u>
Reserve for encumbrance, December 31, 2001	<u>\$ 3,885</u>	<u>\$ 557</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,442</u>

The notes to the financial statements are an integral part of this statement.

VILLAGE OF SAINT PARIS

Champaign County

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

	Proprietary Funds	Fiduciary Funds	Total
	Enterprise	Agency	(Memorandum Only)
Cash Receipts:			
Charges for Services	\$ 536,664	\$ -	\$ 536,664
Miscellaneous	8,630		8,630
Court Fines and Forfeitures	-	-	-
Total Cash receipts	545,294	-	545,294
Cash Disbursements:			
Personal services	108,704		108,704
Court disbursements	42,534		42,534
Contractual services	118,246	6,741	124,987
Supplies and Materials	44,753		44,753
Capital outlay	12,833		12,833
Miscellaneous	708	5,275	5,983
Total Cash Disbursements	327,778	12,016	339,794
Operating Income/(loss)	217,516	(12,016)	205,500
Non-operating cash receipts and disbursements:			
Local taxes		227,589	227,589
Fines, licenses, permits		5,275	5,275
Debt service - principal	(116,152)		(116,152)
Debt service	(22,465)	-	(22,465)
Total non-operating cash receipts and disbursements	(138,617)	232,864	94,247
Income before operating transfers and advances	78,899	220,848	299,746
Advances in	-	(281,326)	(281,326)
Net receipts over/(under) disbursements	78,899	(60,478)	18,420
Fund cash balances, January 1, 2001	\$ 169,804	\$ 490,739	\$ 660,543
Fund cash balances, December 31, 2001	\$ 248,703	\$ 430,261	\$ 678,964
Reserve for Encumbrances, December 31, 2001	\$ 2,506		\$ 2,506

The notes to the financial statements are an integral part of this statement.

VILLAGE OF SAINT PARIS

Champaign County

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES - ALL GOVERNMENTAL FUNDS TYPES AND SIMILAR FIDUCIARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2000

	<u>Governmental Fund Types</u>			<u>Fiduciary</u>	<u>Total</u>
	<u>General</u>	<u>Special</u>	<u>Capital</u>	<u>Funds</u>	<u>(Memorandum</u>
		<u>Revenue</u>	<u>Projects</u>	<u>Expendable</u>	<u>Only)</u>
			<u>Funds</u>	<u>Trust</u>	
Cash Receipts:					
Local Taxes	\$ 64,023	\$ 97,110			\$ 161,134
Intergovernmental	83,511	74,855			158,367
Charges for services	5	3,566			3,571
Fines, licenses, and permits	11,503	112			11,615
Interest	26,835	804		1,238	28,876
Miscellaneous	44,482	14,237	-	-	58,718
Total Cash Receipts	230,359	190,684	-	1,238	422,281
Cash Disbursements:					
Current:					
Security of persons and property	245,839				245,839
Public health services		14,503			14,503
Leisure time activities		6,029			6,029
Community Environment	11,027				11,027
Transportation	31,540	165,260			196,801
General government	96,820				96,820
Capital Outlay					-
Debt Service	7,630	-	-	-	7,630
Total Cash Disbursements	392,856	185,792	-	-	578,648
Total receipts over/(under) disbursements	(162,497)	4,892	-	1,238	(156,367)
Other financing receipts/(disbursements):					
Transfers-in	76,000	20,000			96,000
Transfers-out	(20,000)				(20,000)
Advances-in	40,000				40,000
Advances-out	(20,000)	-	-	-	(20,000)
Total other financing receipts/(disbursements)	76,000	20,000	-	-	96,000
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements	(86,497)	24,892	-	1,238	(60,367)
Fund Cash balances, January 1, 2000	\$ 142,637	\$ 145,265	\$ -	\$ 2,500	\$ 290,402
Fund Cash balances, December 31, 2000	<u>\$ 56,140</u>	<u>\$ 170,157</u>	<u>\$ -</u>	<u>\$ 3,738</u>	<u>\$ 230,035</u>
Reserve for encumbrance, December 31, 2000	<u>\$ 3,818</u>	<u>\$ 496</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,314</u>

The notes to the financial statements are an integral part of this statement.

VILLAGE OF SAINT PARIS

Champaign County

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES - PROPRIETARY FUNDS TYPES AND SIMILAR FIDUCIARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2000

	Proprietary Funds	Fiduciary Funds	Total
	Enterprise	Agency	(Memorandum Only)
Cash Receipts:			
Charges for Services	\$414,424		\$414,424
Miscellaneous	14,758		14,758
Court Fines and Forfeitures	-	-	-
Total Cash receipts	429,182	-	429,182
Cash Disbursements:			
Personal services	105,218		105,218
Employee fringe benefits	35,512		35,512
Contractual services	101,470		101,470
Supplies and Materials	36,088		36,088
Capital Outlay	26,664		26,664
Miscellaneous	13,516	2,575	16,091
Total Cash Disbursements	318,470	2,575	321,045
Operating Income/(loss)	110,713	(2,575)	108,138
Non-operating cash receipts and disbursements:			
Local taxes		252,127	252,127
Fines, licenses, and permits		2,575	2,575
Debt service - principal	(213,270)		(213,270)
Debt service - interest	(27,188)		(27,188)
Total non-operating cash disbursements	(240,459)	254,702	14,244
Income before operating transfers and advances	(129,746)	252,127	122,382
Operating transfers out		(76,000)	(76,000)
Advances in	20,000		20,000
Advances out	(20,000)	(20,000)	(40,000)
Net Income	(129,746)	156,127	26,382
Fund cash balances, January 1, 2000	\$ 299,550	\$ 334,612	\$ 634,162
Fund cash balances, December 31, 2000	\$ 169,804	\$ 490,739	\$ 660,544
Reserve for encumbrances, December 31, 2000	\$ 2,600		\$ 2,600

The notes to the financial statements are an integral part of this statement.

Village of Saint Paris

**NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED
DECEMBER 31, 2001 AND 2000**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The Village of Saint Paris, Champaign County, (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. A publicly elected six-member Council directs the Village. The Village provides general governmental services, including water and sewer utilities, police services, and emergency medical services.

The Village's management believes these financial statements present all activities for which the Village is financially accountable, except employee deferred compensation funds maintained by outside custodians are not included in these financial statements. These assets are described in Note. 8.

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. The village does not utilize the encumbrance method of accounting, as prescribed by law. Therefore, budgetary presentations report budgetary expenditures when an expenditure is made rather than when an encumbrance is approved.

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

C. Cash and Investments

The Village of Saint Paris maintains its cash deposits in an interest-bearing checking account and Certificates of Deposit.

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 is the general operating fund. It is used to account for all financial resources except those required by law or contract to be restricted.

Village of Saint Paris

**NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED
DECEMBER 31, 2001 AND 2000**

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

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:

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

Storm Drain Fund – This fund receives tax levy money to provide maintenance and replacement of storm sewer lines within the Village.

Capital Project 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 project fund:

Ohio Public Works Commission Grant Fund – This fund receives grant money form the State of Ohio for a storm sewer/drainage project. The Village will be responsible for 10% funding of the project.

Fiduciary Funds (Trust and Agency Funds)

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Village to maintain the corpus of the trust, the fund is classified as a non-expendable 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.

Expendable Trust Fund:

Income Tax Fund – This fund receives tax collections from village residents who work or reside in the village, or people who work in the village based on one percent of their gross wages.

Agency Fund:

Mayor’s Court Fund - This fund receives monies for court fees, fines, and forfeitures. These collections are remitted to the Village and the State of Ohio on a monthly basis.

Village of Saint Paris

**NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED
DECEMBER 31, 2001 AND 2000**

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (continued)

Enterprise Funds

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

Water and Sewer Funds – These funds are used to account for proceeds from water and sewer operations. The revenue is to be used to maintain plant operations and for water and sewer improvements.

Sewer Assessment Fund – This fund’s revenue is derived from a monthly assessment on customers. The revenue is used for payment of debt and for maintenance of the sewer plant.

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 or object level of control, and appropriations may not exceed estimated resources. The 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.

Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash 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.

F. Property, Plant and Equipment

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

**Village of Saint Paris
Champaign County
NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED
DECEMBER 31, 2001 AND 2000**

1. Summary of Significant Accounting Policies (Continued)

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 cash basis of accounting used by the Village.

2. Equity in Pooled 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:

	2001	2000
Demand Deposits	\$857,987	\$825,578
Certificates of Deposit	<u>80,000</u>	<u>65,000</u>
Total deposits and investments	<u>\$ 937,987</u>	<u>\$ 890,578</u>

Deposits:

Deposits are either (1) insured by the Federal Depository Insurance Corporation or (2) covered by specific collateral held by third party trustees.

3. Budgetary Activity

Budgetary activity for the year ending December 31, 2001, was as follows:

2001 Budgeted vs. Actual Receipts

Fund Type	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 364,277	\$ 222,542	\$ 141,735
Special Revenue	368,666	206,521	62,145
Capital Project	334,000	257,666	76,334
Enterprise	582,665	545,294	37,371
Trust	<u>12,012</u>	<u>234,416</u>	<u>222,404</u>
Total	<u>\$ 1,661,620</u>	<u>\$ 1,466,439</u>	<u>\$ 195,181</u>

Village of Saint Paris
Champaign County
NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED
DECEMBER 31, 2001 AND 2000

3. Budgetary Activity (continued)

2001 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 364,180	\$ 420,360	\$(56,180)
Special Revenue	336,295	260,830	75,465
Capital Project	334,000	257,666	76,334
Enterprise	582,250	327,778	254,472
Trust	<u>12,000</u>	<u>14,274</u>	<u>(2,274)</u>
Total	<u>\$1,628,725</u>	<u>\$1,280,908</u>	<u>\$ 347,817</u>

Budgetary activity for the year ending December 31, 2000, was as follows:

2000 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 441,143	\$ 230,359	\$ 210,784
Special Revenue	228,049	190,684	37,365
Capital Project	0	0	0
Enterprise	706,700	429,182	277,518
Trust	<u>264,400</u>	<u>255,940</u>	<u>8,460</u>
Total	<u>\$ 1,640,292</u>	<u>\$1,106,165</u>	<u>\$ 534,127</u>

2000 Budgetary vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 441,005	\$ 392,856	\$ 48,149
Special Revenue	201,450	185,792	15,658
Capital Project	0	0	0
Enterprise	671,700	318,470	353,230
Trust	<u>257,000</u>	<u>2,575</u>	<u>254,425</u>
Total	<u>\$ 1,571,155</u>	<u>\$ 899,693</u>	<u>\$ 671,462</u>

Village of Saint Paris

NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED
DECEMBER 31, 2001 AND 2000

4. Property Tax

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the 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 payment, 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.

5. Debt

Debt outstanding at December 31, 2000 was as follows:

	Principal	Interest Rate
OWDA Water Pollution Control Loan	\$ 572,254	2.00%
OPWC Huffman Drive Storm Sewer Loan	\$ 95,375	0.00%
First Central National Bank	\$ 179,837	5.25%

Debt outstanding at December 31, 2001 was as follows:

	Principal	Interest Rate
OWDA Water Pollution Control Loan	\$ 508,409	2.00%
OPWC Huffman Drive Storm Sewer Loan	\$ 87,745	0.00%
First Central National Bank	\$ 159,673	5.25%

The Ohio Water Development Authority (OWDA) Loan was for the Sewer Plant Project and the Ohio Public Works commission (OPWC) was for the Huffman Ditch Project. Installments are paid semiannually with principal and interest to OWDA and principal only to OPWC.

The loan with First Central National Bank was for digester equipment for the water plant. Interest is paid semi-annually with one principal payment per year.

Village of Saint Paris

**NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED
DECEMBER 31, 2001 AND 2000**

5. Debt (continued)

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

Year Ending December 31	OWDA Sewer Plant Loan	OPWC Huffman Drive Storm Sewer Loan	First Central National Bank Digester Loan
2002	\$ 77,492	\$ 7,630	\$ 28,555
2003	77,492	7,630	27,488
2004	77,492	7,630	26,446
2005-2009	335,592	38,150	114,639
2010-2013	<u>0</u>	<u>26,705</u>	<u>0</u>
Total	<u>\$ 568,068</u>	<u>\$ 87,745</u>	<u>\$ 197,127</u>

6. Retirement Systems

The Village's law enforcement officers belong to either the Police & Firemen's Disability & Pension Funds (FPDPF) or the Public Employees Retirement System (PERS). Other full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PFDPF and PERS are cost sharing, multiple-employer plans. These plans provide retirement benefits, including post retirement health care, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2001 and 2000, members of PFDPF contributed 10% of their wages to the PFDPF. 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, 2001.

7. Risk Management

Property and Liability

The Village has obtained insurance from the Ohio Municipal League Risk Management Plan for the following risks:

- General liability
- Auto liability & Auto Physical Damage
- Law Enforcement
- Property Coverage
- Public Officials Liability

Village of Saint Paris

**NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED
DECEMBER 31, 2001 AND 2000**

7. Risk Management (continued)

Workers' Compensation

For fiscal year 2001 and 2000, the Village participated in the Ohio Municipal League Workers' Compensation Group Rating Program (GRP), and insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the Village by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating municipalities is calculated as one experience and a common premium rate is applied to all municipalities in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund."

This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to municipalities that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

Health Insurance

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

8. Custodians of Other Village Assets

The following funds are maintained by custodians, as legally required. These assets, and the related receipts and disbursements, are not reflected in the accompanying financial statements.

Deferred Compensation Assets

Certain employees may elect to participate in the Ohio Deferred Compensation Program (the Program). Amounts withheld from these employees are tax deferred, and are invested by the Program, as directed by the employees. At December 31, 2001, the Program held \$42,142 in deferred compensation.

Keith O. Applegate, CPA
Kathleen M. Hughes, CPA

Richard R. Taylor, CPA (1931-1998)

Julie L. Griffin, CPA

Kristi L. Leeth, CPA
Valerie Friley Walker, CPA
Sara M. Bratka, CPA

Report on compliance and on internal control required by Government auditing standards

Honorable Mayor and Village Council
Village of Saint Paris
135 West Main Street
Saint Paris, Ohio 43072

We have audited the financial statements of the Village of Saint Paris, Champaign County, (the Village) as of and for the years ended December 31, 2001, and December 31, 2000, and have issued our report thereon dated June 7, 2002. We conducted our audit in accordance with generally accepted auditing standards 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's financial statements are free of material misstatements, 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 statements 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*. We noted certain immaterial instances of noncompliance that we have reported to management of Village in a separate letter dated June 7, 2002.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village'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. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Village's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. There were no reportable conditions.

Village of Saint Paris

Report of Compliance and on Internal Control Required by Government Auditing Standards

Page 2

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that none of the reportable conditions described above is a material weakness. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, which we have reported to management of the Village in a separate letter dated June 7, 2002.

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

Taylor, Applegate, Hughes and Associates, Ltd.
June 7, 2002



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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VILLAGE OF SAINT PARIS

CHAMPAIGN 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 27, 2002**