

**VILLAGE OF SAINT PARIS  
CHAMPAIGN COUNTY**

DAYTON REGION

FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008





# Mary Taylor, CPA

Auditor of State

Village Council  
Village of Saint Paris  
135 W. Main Street  
Saint Paris, Ohio 43072

We have reviewed the *Independent Auditors' Report* of the Village of Saint Paris, Champaign County, prepared by Manning & Associates CPAs, LLC, for the audit period January 1, 2008 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 Saint Paris 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 9, 2010

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**VILLAGE OF SAINT PARIS  
CHAMPAIGN COUNTY**

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

**INDEPENDENT AUDITORS' REPORT**

Village of Saint Paris  
Champaign County  
135 W. Main St.  
Saint Paris, Ohio 43072

To the Village Council:

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, 2009 and 2008. 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 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 requires 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 years ended December 31, 2009 and 2008, 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 and 2008, or its changes in financial position or cash flows, where applicable for the years then ended.

Also, 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 of Saint Paris, Champaign County, as of December 31, 2009 and 2008, and its combined cash receipts and disbursements for the years 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 April 26, 2010, on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Manning & Associates CPAs, LLC  
Dayton, Ohio

April 26, 2010

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**VILLAGE OF SAINT PARIS  
CHAMPAIGN COUNTY**

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

	<u>Governmental Fund Types</u>		<b>Total (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Property and Local Taxes	\$ 88,489	\$ 138,989	\$ 227,478
Municipal Income Tax	218,892	0	218,892
Intergovernmental	72,790	194,486	267,276
Special Assessments	7,226	22,404	29,630
Charges for Services	0	1,709	1,709
Fines, Licenses and Permits	25,151	4,550	29,701
Earnings on Investments	7,150	2,160	9,310
Miscellaneous	1,236	20,916	22,152
<b>Total Cash Receipts</b>	<u>420,934</u>	<u>385,214</u>	<u>806,148</u>
<b>Cash Disbursements:</b>			
Current:			
Security of Persons and Property	\$ 284,262	\$ 2,085	\$ 286,347
Public Health Services	0	25,547	25,547
Leisure Time Activities	0	24,232	24,232
Community Environment	11,886	1,556	13,442
Transportation	605	390,941	391,546
General Government	126,778	1,718	128,496
Debt Service:			
Principal Payment	7,630	7,326	14,956
Interest and Fiscal Charges	0	369	369
<b>Total Cash Disbursements</b>	<u>431,161</u>	<u>453,774</u>	<u>884,935</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>(10,227)</u>	<u>(68,560)</u>	<u>(78,787)</u>
<b>Other Financing Sources/(Uses):</b>			
Sale of Fixed Assets	1,446	1,105	2,551
<b>Total Other Financing Receipts (Disbursements)</b>	<u>1,446</u>	<u>1,105</u>	<u>2,551</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(8,781)	(67,455)	(76,236)
<b>Fund Cash Balances, January 1,</b>	<u>41,846</u>	<u>216,673</u>	<u>258,519</u>
<b>Fund Cash Balances, December 31</b>	<u>\$ 33,065</u>	<u>\$ 149,218</u>	<u>\$ 182,283</u>
Reserve for Encumbrances, December 31	<u>\$ 4,792</u>	<u>\$ 809</u>	<u>\$ 5,601</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 -  
FOR THE YEAR ENDED DECEMBER 31, 2009

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$ 704,995	\$ 0	\$ 704,995
Fines, Licenses, and Permits	0	4,466	4,466
Total Operating Cash Receipts	<u>704,995</u>	<u>4,466</u>	<u>709,461</u>
<b>Operating Cash Disbursements:</b>			
Personal Services	\$ 162,526	\$ 0	\$ 162,526
Employee Fringe Benefits	70,159	0	70,159
Contractual Services	93,583	0	93,583
Supplies and Materials	95,814	0	95,814
Other	29,740	4,466	34,206
Total Operating Cash Disbursements	<u>451,822</u>	<u>4,466</u>	<u>456,288</u>
Operating Income/ (Loss)	<u>253,173</u>	<u>0</u>	<u>253,173</u>
<b>Non-Operating Cash Receipts/Disbursements:</b>			
Debt Proceeds	135,000	0	135,000
Sale of Fixed Assets	357	0	357
Miscellaneous Receipts	81,610	0	81,610
Capital Outlay	(307,842)	0	(307,842)
Redemption of Principal	(74,317)	0	(74,317)
Interest and Other Fiscal Charges	(18,398)	0	(18,398)
Total Non-Operating Cash Receipts/Disbursements	<u>(183,590)</u>	<u>0</u>	<u>(183,590)</u>
Net Revenues Over/(Under) Expenses	69,583	0	69,583
<b>Fund Cash Balances, January 1,</b>	<u>654,212</u>	<u>143</u>	<u>654,355</u>
<b>Fund Cash Balances, December 31,</b>	<u>\$ 723,795</u>	<u>\$ 143</u>	<u>\$ 723,938</u>
Reserve for Encumbrances, December 31	<u>\$ 2,879</u>	<u>\$ 0</u>	<u>\$ 2,879</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 - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>Governmental Fund Types</u>		<b>Total (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	
<b>Cash Receipts:</b>			
Property and Local Taxes	\$ 63,391	\$ 149,750	\$ 213,141
Municipal Income Tax	264,228	0	264,228
Intergovernmental	104,052	105,825	209,877
Special Assessments	544	16,939	17,483
Charges for Services	0	1,705	1,705
Fines, Licenses and Permits	29,525	5,860	35,385
Earnings on Investments	9,599	2,405	12,004
Miscellaneous	929	10,598	11,527
	<u>472,268</u>	<u>293,082</u>	<u>765,350</u>
<b>Total Cash Receipts</b>			
<b>Cash Disbursements:</b>			
Current:			
Security of Persons and Property	\$ 318,301	\$ 1,961	\$ 320,262
Public Health Services	0	20,932	20,932
Leisure Time Activities	0	7,962	7,962
Community Environment	17,901	2,432	20,333
Transportation	42,169	286,141	328,310
General Government	127,279	1,992	129,271
Debt Service:			
Principal Payment	7,630	7,000	14,630
Interest and Fiscal Charges	0	695	695
	<u>513,280</u>	<u>329,115</u>	<u>842,395</u>
<b>Total Cash Disbursements</b>			
<b>Total Receipts Over/(Under) Disbursements</b>	<u>(41,012)</u>	<u>(36,033)</u>	<u>(77,045)</u>
<b>Other Financing Sources/(Uses):</b>			
Sale of Fixed Assets	0	2,367	2,367
Transfers-In	0	35,000	35,000
Transfers-Out	(35,000)	0	(35,000)
	<u>(35,000)</u>	<u>37,367</u>	<u>2,367</u>
<b>Total Other Financing Receipts (Disbursements)</b>			
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(76,012)	1,334	(74,678)
<b>Fund Cash Balances, January 1,</b>	<u>117,858</u>	<u>215,339</u>	<u>333,197</u>
<b>Fund Cash Balances, December 31,</b>	<u>\$ 41,846</u>	<u>\$ 216,673</u>	<u>\$ 258,519</u>
Reserve for Encumbrances, December 31	<u>\$ 5,167</u>	<u>\$ 540</u>	<u>\$ 5,707</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 -  
FOR THE YEAR ENDED DECEMBER 31, 2008

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$ 659,699	\$ 0	\$ 659,699
Fines, Licenses, and Permits	0	4,429	4,429
Total Operating Cash Receipts	<u>659,699</u>	<u>4,429</u>	<u>664,128</u>
<b>Operating Cash Disbursements:</b>			
Personal Services	\$ 149,755	\$ 0	\$ 149,755
Employee Fringe Benefits	65,498	0	65,498
Contractual Services	97,550	0	97,550
Supplies and Materials	109,431	0	109,431
Other	11,569	4,429	15,998
Total Operating Cash Disbursements	<u>433,803</u>	<u>4,429</u>	<u>438,232</u>
Operating Income/ (Loss)	<u>225,896</u>	<u>0</u>	<u>225,896</u>
<b>Non-Operating Receipts/Disbursements:</b>			
Miscellaneous Receipts	40,380	0	40,380
Capital Outlay	(40,854)	0	(40,854)
Redemption of Principal	(94,697)	0	(94,697)
Interest and Other Fiscal Charges	(32,554)	0	(32,554)
Total Non-Operating Cash Receipts/Disbursements	<u>(127,725)</u>	<u>0</u>	<u>(127,725)</u>
Net Revenues Over/(Under) Expenses	98,171	0	98,171
<b>Fund Cash Balances, January 1,</b>	<u>556,041</u>	<u>143</u>	<u>556,184</u>
<b>Fund Cash Balances, December 31,</b>	<u>\$ 654,212</u>	<u>\$ 143</u>	<u>\$ 654,355</u>
Reserve for Encumbrances, December 31	<u>\$ 4,193</u>	<u>\$ 0</u>	<u>\$ 4,193</u>

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

**VILLAGE OF SAINT PARIS  
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009 AND 2008**

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**1. Summary of Significant Accounting Policies**

**A. Description of the Entity**

The Village of Saint Paris, Champaign County, Ohio, (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.

**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. Cash and Investments**

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

**D. Fund Accounting**

The Village used 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  
CHAMPAIGN COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009 AND 2008

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**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.

**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 the 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.

**Fiduciary Funds**

Fiduciary funds include private purpose trust funds and agency funds. These funds are used to account for assets held by the Village acting as an agent for another government, organization, individual or fund and are not available to support the Village's own programs.

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations, or other governments. The Village disburses these funds as directed by the individual, organization, or other government. The Village's agency fund accounts for the mayor's court activity.

**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  
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009 AND 2008**

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**1. Summary of Significant Accounting Policies (Continued)**

**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 Village Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year-end.

**Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered 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. Encumbrances outstanding at year-end are carried over and need not be re-appropriated.

A summary of 2009 and 2008 budgetary activity appears in Note 4.

**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.

**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.

**VILLAGE OF SAINT PARIS  
CHAMPAIGN COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009 AND 2008

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**2. Restatement of Fund Balance**

The Village was required to reclassify its Shank Trust Fund, previously reported as a Private Purpose Trust Fund, to a Special Revenue Fund. The fund cash balances have been restated as follows:

	Special Revenue Funds	Private Purpose Funds
Previously Reported Fund Cash Balance at December 31, 2007	\$ 212,818	\$ 2,521
Reclassification of Shank Trust Fund	2,521	(2,521)
Restated Fund Cash Balances at January 1, 2008	\$ 215,339	\$ 0

**3. 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:

	<u>2009</u>	<u>2008</u>
Demand deposits	<u>\$ 906,221</u>	<u>\$ 912,874</u>

Deposits:

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

**VILLAGE OF ST. PARIS  
CHAMPAIGN COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEARS ENDED DECEMBER 31, 2009 AND 2008

**4. Budgetary Activity**

Budgetary activity for the years ending December 31, 2009 and 2008 as follows:

**2009 Budgeted vs. Actual Receipts**

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 421,859	\$ 422,380	\$ 521
Special Revenue	379,346	386,319	6,973
Enterprise Funds	741,946	921,962	180,016
Total	<u>\$ 1,543,151</u>	<u>\$ 1,730,661</u>	<u>\$ 187,510</u>

**2009 Budgeted vs. Actual Budgetary Basis Expenditures**

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 436,816	\$ 431,161	\$ 5,655
Special Revenue	579,759	453,774	125,985
Enterprise Funds	1,391,965	855,258	536,707
Total	<u>\$ 2,408,540</u>	<u>\$ 1,740,193</u>	<u>\$ 668,347</u>

**2008 Budgeted vs. Actual Receipts**

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 469,715	\$ 472,268	\$ 2,553
Special Revenue	314,870	330,449	15,579
Enterprise Funds	696,500	700,079	3,579
Total	<u>\$ 1,481,085</u>	<u>\$ 1,502,796</u>	<u>\$ 21,711</u>

**2008 Budgeted vs. Actual Budgetary Basis Expenditures**

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 551,024	\$ 548,280	\$ 2,744
Special Revenue	349,117	329,115	20,002
Enterprise Funds	606,101	606,101	0
Total	<u>\$ 1,506,242</u>	<u>\$ 1,483,496</u>	<u>\$ 22,746</u>

**VILLAGE OF SAINT PARIS  
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009 AND 2008**

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**5. Income Tax**

The Village levies a one percent income tax whose proceeds are placed into the General Fund. The Village levies and collects the tax on all income earned within the Village as well as on incomes of residents earned outside the Village. In the latter case, the Village allows a credit of actual taxes paid to another city. Employers within the Village are required to withhold income tax on employee earnings and remit the tax to the Village at least quarterly. Corporations and other individual income taxpayers are also required to pay their estimated tax at least quarterly and file a final return annually. Municipal income tax receipts for 2009 and 2008 were \$218,892 and 264,228, respectively.

**6. 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 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.

**7. Debt**

Debt outstanding at December 31, 2009 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
OWDA Water Pollution Control Loan	\$ 32,153	2.00%
OPWC Huffman Drive Storm Sewer Loan	26,705	0.00%
First Central National Bank – Water Line	3,593	4.25%
First Central National Bank - Truck	3,810	4.00%
First Central National Bank - Backhoe	7,955	4.00%
First Central National Bank - Water Tower	522,431	5.00%
First Central National Bank – Land Loan	129,450	4.00%
	<u>\$726,097</u>	

**VILLAGE OF SAINT PARIS  
CHAMPAIGN COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009 AND 2008

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**7. Debt, (continued)**

The Village received a loan from the Ohio Water Development Authority (OWDA) for a sewer plant project in 1991. In 2008, OWDA adjusted the Village's principal balance after it was discovered that the original amount of the loan was miscalculated resulting an overstatement of the amount due. The loan will be repaid in 2010. The end result of the miscalculation was a current overstatement of principal of \$27,175. The Village made no payments to OWDA during 2008; instead the adjustment was applied as follows:

Adjustment to Principal	\$ (25,482)
Current Period Interest	<u>(1,693)</u>
Total Adjustment	<u>\$ (27,175)</u>

The above resulted in the restatement of the OWDA loan balance is as follows:

Loan Balance December 31, 2007	\$ 60,977
OWDA Principal Adjustment	<u>(25,482)</u>
Restated Loan Balance December 31, 2007	<u>\$ 35,495</u>

The Village received an interest-free loan from the Ohio Public Works Commission (OPWC) for the Huffman Ditch Project. The loan requires semi-annual payments of \$3,815 through 2013.

The Village loan from First Central National Bank was used to run water and sewer lines to the Core/Hepp Annexation. The loan will be repaid in 2010.

The Village loan of \$34,557 from First Central National Bank was to purchase a new truck for the street department. Payment is due on demand, but if no demand is made, payments of \$3,848 are due semi-annually through 2010.

The Village loan of \$45,000 from First Central National Bank was to purchase a backhoe for the sewer department. Payment is due on demand, but if no demand is made, interest is paid semi-annually with annual principal payments of \$9,000 through 2010.

The Village obtained a loan for \$582,431 from First Central National Bank for a Water Tower Project. The Village was approved for \$600,000, total drawn was \$582,431. Amortization schedule has been changed to reflect drawn amount and balloon payment. Interest is paid semi-annually with annual principal payments of \$30,000 through 2017. Balloon payment of \$300,000 due May 2017.

The Village obtained a loan for \$135,000 from First Central National Bank in 2009 which was used to purchase land for future development. The loan requires semi-annual principal and interest payments of \$8,257 through 2014 with one balloon payment of \$82,422 due June 2014.

**VILLAGE OF SAINT PARIS  
CHAMPAIGN COUNTY**

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009 AND 2008

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**7. Debt** (continued)

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

Year Ending December 31:	OWDA	OPWC	Water Line	Truck	Backhoe	Water Tower	Land Acquisition
2010	\$ 35,231	\$ 7,650	\$ 3,671	\$ 3,884	\$ 8,244	\$ 55,372	\$ 16,515
2011	0	7,650	0	0	0	53,872	16,514
2012	0	7,650	0	0	0	52,372	16,515
2013	0	3,755	0	0	0	50,872	16,514
2014	0	0	0	0	0	49,372	82,422
2015 – 2019	0	0	0	0	0	414,485	0
Total	\$ 35,231	\$ 26,705	\$ 3,671	\$ 3,884	\$ 8,244	\$ 676,345	\$ 148,480

**8. Retirement Systems**

The Village's law enforcement officers belong to either the Ohio Police and Fire Pension Fund (OP&F) or the Ohio Public Employees' Retirement System (OPERS). Other full-time employees belong to the Ohio Public Employees' Retirement System (OPERS) of Ohio. 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 contribution rates. For 2009 and 2008, OP&F participants contributed 10.1 percent of their wages. For 2009 and 2008, the Village contributed to OP&F an amount equal to 17.6 and 17.4 percent of full-time police members' wages, respectively. For 2009 and 2008, OPERS members contributed 10 percent of their gross salaries and the Village contributed an amount equaling 14 percent of covered payroll and public safety and law enforcement employer units contributed to OPERS at 17.4 percent. The Village has paid all contributions required through December 31, 2009.

**9. Risk Management**

The Village is exposed to various risks of property and casualty losses, and injuries to employees.

The Village insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Village belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. PEP is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

**VILLAGE OF SAINT PARIS  
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009 AND 2008**

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**9. Risk Management, (continued)**

Casualty Coverage

For an occurrence prior to January 1, 2006 PEP retains casualty risks up to \$250,000 per occurrence, including claim adjustment expenses. PEP pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$10,000,000 in the aggregate per year.

For an occurrence on or subsequent to January 1, 2006, the Pool retains casualty risk up to \$350,000 per occurrence. Claims exceeding \$350,000 are reinsured with APEEP in an amount not to exceed \$2,650,000 for each claim and \$10,000,000 in the aggregate per year. Governments can elect up to \$10,000,000 in additional coverage with the General Reinsurance Corporation, through contracts with PEP. If losses exhaust PEP's retained earnings, APEEP provides *excess of funds available* coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000 (prior to January 1, 2006) or \$3,000,000 (on or subsequent to January 1, 2006) as noted above.

Property Coverage

Beginning in 2005, APEEP established a risk-sharing property program. Under the program, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. This amount was increased to \$300,000 in 2007. For 2007, APEEP reinsures members for specific losses exceeding \$100,000 up to \$300,000 per occurrence, subject to an annual aggregate loss payment. For 2006, APEEP reinsures members for specific losses exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provide aggregate stop-loss coverage based upon the combined members' total insurable values. If the stop loss is reached by payment of losses between \$100,000 and \$250,000 in 2006, or \$100,000 and \$300,000 in 2007, Travelers will then reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2007 was \$2,014,548.

The aforementioned reinsurance agreements do not discharge PEP's primary liability for payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government. Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2008 and 2008 (the latest information available):

	<u>2008</u>	<u>2007</u>
Assets	\$35,769,535	\$37,560,071
Liabilities	<u>(15,310,206)</u>	<u>(17,340,825)</u>
Net Assets	<u>\$20,459,329</u>	<u>\$20,219,246</u>

**VILLAGE OF SAINT PARIS  
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2009 AND 2008**

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**9. Risk Management** (continued)

At December 31, 2008 and 2007, respectively, the liabilities above include approximately \$13.7 million and \$15.9 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$12.9 million and \$15.0 million of unpaid claims to be billed to approximately 443 member governments in the future, as of December 31, 2008 and 2007, respectively. These amounts will be included in future contributions from members when the related claims are due for payment.

Based on discussions with PEP, the expected rates charges to compute member contributions, used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

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

**10. Subsequent Events**

Management has evaluated subsequent events through April 26, 2010, the date on which the financial statements were available for issue. No subsequent events which would warrant inclusion were discovered during the review.

**11. Related Party Transactions**

Council member Stacy Barnhart is an owner and employee of R&S Barnhart Construction. During 2009 and 2008 R&S Barnhart Construction performed a variety of services for the Village for which the company was paid \$8,237 and \$23,315, respectively. In addition, R&S Barnhart Construction was awarded a contract for a downtown revitalization project through competitive bid procedures in 2009. Total payments made to R&S Barnhart Construction related to the project in 2009 were \$349,519.

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**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***

Village of Saint Paris  
Champaign County  
135 W. Main St.  
Saint Paris, Ohio 43072

To the Village Council:

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, 2009, and 2008, and have issued our report thereon dated April 26, 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 opining on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies, or material weaknesses. However, as described in the accompanying schedule of findings, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses.

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 deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider Findings Number 2009-002 and 2009-003 described in the accompanying schedule of findings to be material weaknesses.

### **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 directly and materially affect 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 instances of noncompliance or other matters we must report under *Government Auditing Standards* and which are described in the accompanying schedule of findings as Findings Number 2009-001 and 2009-002.

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

We intend this report solely for the information and use of management and Village Council and others within the Village. We intend it for no one other than these specified parties

Manning & Associates CPAs, LLC  
Dayton, Ohio

April 26, 2010

**VILLAGE OF SAINT PARIS  
CHAMPAIGN COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2009 and 2008**

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<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2009-001**

**Ohio Rev. Code Section 5705.41 (D)** prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41 (D) (1) and 5705.41 (D) (3), respectively, of the Ohio Revised Code.

1. **"Then and Now" certificate** – If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Village can authorize the drawing of a warrant for the payment of the amount due. The Village has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution. Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval or expenditures by the Village.
2. **Blanket certificate** – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. **Super blanket certificate** – The Village may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any one line item appropriation.

Unless the exception noted above is used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval.

**VILLAGE OF SAINT PARIS  
CHAMPAIGN COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2009 and 2008**

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<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2009-001 (Continued)**

The Village issued purchase orders after the incurrence of an expense without certifying the purchase order as a “Then and Now,” for 33(out of 171) and 75 (out of 173) expenditures tested in 2009 and 2008, respectively. Additionally, the Village issued nine (9) “Then and Now” purchase orders in 2008 for amounts over the \$3,000 limitation.

Response: The Fiscal Officer will review the proper use of purchase orders and make any necessary changes for the future.

**FINDING NUMBER 2009-002**

**Material Weakness**

**Ohio Rev. Code Section 733.28** states, in part, the village clerk shall keep the books of the village, exhibit accurate statements of all moneys received and expended, of all the property owned by the village and the income derived there from, and of all taxes and assessments.

As a result of the audit procedures performed, omissions and misclassifications were noted in the financial statements that required audit adjustments.

1. Outstanding check listing at December 31, 2009 omitted \$9,060 of checks outstanding
2. Reconciliations contained adjusting factors noted as *deposits/charges not in system* which could not be easily traced or explained by the fiscal officer
3. Checks were noted as cashing before the issue date on the check, indicating that they were post dated
4. Loan proceeds were posted as miscellaneous receipts, rather than loan proceeds
5. Loan payments for water tower were posted as operating supplies and materials, other expenses or general governmental expenses, rather than principal and interest payments
6. Assets sold by the Village were posted as miscellaneous receipts, rather than sale of assets

These financial statements have been adjusted to reflect the items above.

Sound financial reporting is the responsibility of the Fiscal Officer and Council and is essential to ensure the information provided to the readers of the financial statements is complete and accurate. Procedures should be implemented, including a final review of the annual report by Members of Council to identify and correct misclassifications.

Response: The Village is committed to providing complete and accurate financial statements and will make any necessary changes to current procedures to achieve more accurate records in the future.

**VILLAGE OF SAINT PARIS  
CHAMPAIGN COUNTY**

SCHEDULE OF FINDINGS  
DECEMBER 31, 2009 and 2008

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<p><b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b></p>
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**FINDING NUMBER 2009-003**

**Material Weakness**

Monthly bank reconciliations of the Village's bank accounts included adjusting factors. Some adjusting factors were for unrecorded transactions for the month, others could not be explained. The bank statements on occasion showed checks as clearing the bank before the Village issued the checks; i.e. post dated checks. At December 31, 2009, the outstanding checklist did not include all the checks outstanding for the period.

This resulted in inaccurate book balances and cumbersome reconciliation procedures.

The Village's Fiscal Officer should perform bank reconciliations on a monthly basis and any reconciling items should be documented and investigated to prevent unsupported adjustments from being recorded. In addition the Village should implement procedures on recording transactions in the proper period to eliminate unrecorded transactions for the month.

Response: The Fiscal Officer will prepare bank reconciliations on a monthly basis and investigate and clearly document any adjusting factors noted.

**VILLAGE OF SAINT PARIS  
CHAMPAIGN COUNTY**

SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2009 AND 2008

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Correction Action Taken; or Finding No Longer Valid; <b>Explain</b>
2007-001	ORC Sec. 5705.41(D) - Expenditures were not properly certified and Then and Now POs were issued in excess of allowable amounts	No	Reissued as Finding Number 2009-001
2007-002	ORC 135.18 - Deposits were not adequately collateralized.	Yes	
2007-003	ORC 733.28 - Failure to properly maintain books and records	No	Reissued as Finding Number 2009-002
2007-004	Proper classification of persons as employees per IRS guidelines.	Yes	





**Mary Taylor, CPA**  
Auditor of State

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  
JUNE 22, 2010