

**Village of Saint Paris
Financial Statements
December 31, 2003 and 2002**

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**Auditor of State
Betty Montgomery**

Village Council
Village of St. Paris
P.O. Box 572
Saint Paris, Ohio 43072

We have reviewed the Independent Auditor's Report of the Village of St. Paris, Champaign County, prepared by Taylor, Applegate, Hughes and Associates, LTD, for the audit period January 1, 2002 through December 31, 2003. 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. Paris is responsible for compliance with these laws and regulations.

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

July 14, 2004

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Village of Saint Paris
Financial Statements
December 31, 2003 and 2002

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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, 2003

Name	Title	Term of office or contract period
Joe Braden	Mayor - Appointed	1/1/03 - 12/31/03
Linda Coleman	Clerk	4/1/00 - 3/31/04
Rick Burnside	Council	1/01/00 - 12/31/03
Lynn Miller	Council	1/01/00 - 12/31/03
Jerry Carlson	Council	1/10/02 - 12/31/05
Caleb Lusk	Council - Appointed	6/30/02 - 12/31/05
Larry Watkins	Council President Pro Tem	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
Tyler Adkins	Street Commissioner	Appointed Annually
Joseph Sampson	Waste Water Superintendent	Indefinite

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

Village of Saint Paris
Financial Statement
December 31, 2003 and 2002

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
Shank Trust

Agency Funds
Mayor's Court Fund
Income Tax Fund

TaylorApplegateHughes

AND ASSOCIATES, LTD

CERTIFIED PUBLIC
ACCOUNTANTS +
BUSINESS ADVISORS

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, 2003 and December 31, 2002. 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, 2003 and December 31, 2002, 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 May 27, 2004 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.
May 27, 2004

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Springfield, Ohio 45505

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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, 2003

	<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	\$ 38,939	\$ 99,329	\$ -	\$ -	\$ 138,268
Intergovernmental	141,327	81,644			222,971
Charges for services	-	2,775			2,775
Fines, licenses, and permits	21,652				21,652
Interest	10,497	647		896	12,040
Miscellaneous	23,944	4,046	-	-	27,990
Total Cash Receipts	236,359	188,441	-	896	425,696
Cash Disbursements:					
Current:					
Security of persons and property	253,446				253,446
Public health services		20,547			20,547
Leisure time activities		6,647		797	7,444
Community Environment	15,442				15,442
Transportation	44,385	146,887			191,272
General government	90,356				90,356
Capital Outlay					-
Debt Service	7,630	-	-	-	7,630
Total Cash Disbursements	411,259	174,081	-	797	586,136
Total receipts over/(under) disbursements	(174,900)	14,360	-	99	(160,440)
Other financing receipts/(disbursements):					
Transfers-in	205,000	55,000			260,000
Transfers-out	(55,000)	-	-	-	(55,000)
Total other financing receipts/(disbursements)	150,000	55,000	-	-	205,000
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements	(24,900)	69,360	-	99	44,559
Fund cash balances January 1, 2003	\$ 31,079	\$ 257,462	\$ -	\$ 3,193	\$ 291,734
Fund balance adjustments	-	-	-	-	-
Fund balance after adjustments	31,079	257,462	-	3,193	291,734
Fund cash balances, December 31, 2003	<u>\$ 6,179</u>	<u>\$ 326,822</u>	<u>\$ -</u>	<u>\$ 3,292</u>	<u>\$ 336,293</u>
Reserve for encumbrance, December 31, 2003	<u>\$ 5,183</u>	<u>\$ 512</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,695</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, 2003

	Proprietary Funds	Fiduciary Funds	Total
	Enterprise	Agency	(Memorandum Only)
Cash Receipts:			
Charges for Services	\$ 506,584	\$ -	\$ 506,584
Miscellaneous			-
Fines, Licenses and Permits	-	5,125	5,125
	<hr/>	<hr/>	<hr/>
Total Cash receipts	506,584	5,125	511,709
Cash Disbursements:			
Personal services	124,955		124,955
Employee Fringe Benefits	58,295		58,295
Contractual services	134,207	9,661	143,868
Supplies and Materials	106,153		106,153
Capital outlay	29,398		29,398
Miscellaneous	28,011	5,360	33,371
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	481,019	15,021	496,040
Operating Income/(loss)	25,565	(9,896)	15,669
	<hr/>	<hr/>	<hr/>
Non-operating cash receipts and disbursements:			
Local taxes		230,497	230,497
Proceeds from loan	50,000		50,000
Miscellaneous Receipts	623		623
Debt service - principal	(87,264)		(87,264)
Debt service	(17,752)	-	(17,752)
	<hr/>	<hr/>	<hr/>
Total non-operating cash receipts and disbursements	(54,393)	230,497	176,104
Income before operating transfers and advances	(28,828)	220,600	191,772
Transfers-Out	-	(205,000)	(205,000)
	<hr/>	<hr/>	<hr/>
Net receipts over/(under) disbursements	(28,828)	15,600	(13,228)
	<hr/>	<hr/>	<hr/>
Fund cash balances, January 1, 2003	\$ 305,341	\$ 439,549	\$ 744,890
	<hr/>	<hr/>	<hr/>
Fund cash balances, December 31, 2003	\$ 276,513	\$ 455,150	\$ 731,662
	<hr/>	<hr/>	<hr/>
Reserve for encumbrance, December 31, 2003	\$ 2,110		\$ 2,110
	<hr/>		<hr/>

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, 2002

	<u>Governmental Fund Types</u>			<u>Fiduciary</u>	<u>Total</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects Funds</u>	<u>Funds</u>	
				<u>Expendable Trust</u>	<u>(Memorandum Only)</u>
Cash Receipts:					
Local Taxes	\$ 70,252	\$ 99,490	\$ -	\$ -	\$ 169,742
Intergovernmental	112,571	76,089	75,334		263,994
Charges for services	55	2,490			2,545
Fines, licenses, and permits	30,307	549			30,856
Interest	14,101	682		1,196	15,979
Miscellaneous	30,199	1,662	-	-	31,861
Total Cash Receipts	257,485	180,962	75,334	1,196	514,977
Cash Disbursements:					
Current:					
Security of persons and property	260,034	137			260,171
Public health services		14,492			14,492
Leisure time activities		17,232		1,035	18,267
Community Environment	12,256				12,256
Transportation	33,204	165,813	75,334		274,351
General government	104,702				104,702
Capital Outlay					-
Debt Service	7,630	-	-	-	7,630
Total Cash Disbursements	417,826	197,674	75,334	1,035	691,869
Total receipts over/(under) disbursements	(160,341)	(16,712)	-	161	(176,892)
Other financing receipts/(disbursements):					
Transfers-in	214,000	55,000			269,000
Transfers-out	(59,000)				(59,000)
Advances-in	60		60	60	180
Advances-out	(60)	-	(60)	(60)	(180)
Total other financing receipts/(disbursements)	155,000	55,000	-	-	210,000
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements	(5,341)	38,288	-	161	33,108
Fund cash balances, January 1, 2002	\$ 36,420	\$ 219,174	\$ -	\$ 3,032	\$ 258,626
Fund cash balances, December 31, 2002	<u>\$ 31,079</u>	<u>\$ 257,462</u>	<u>\$ -</u>	<u>\$ 3,193</u>	<u>\$ 291,734</u>
Reserve for encumbrance, December 31, 2002	<u>\$ 3,804</u>	<u>\$ 411</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,215</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, 2002

	Proprietary Funds	Fiduciary Funds	Total
	Enterprise	Agency	(Memorandum Only)
Cash Receipts:			
Charges for Services	\$ 501,750	\$ -	\$ 501,750
Miscellaneous	5,110		5,110
Fines, Licenses and Permits	-	6,870	6,870
	<hr/>	<hr/>	<hr/>
Total Cash receipts	506,860	6,870	513,730
Cash Disbursements:			
Personal services	113,918		113,918
Employee fringe benefits	47,851		47,851
Contractual services	129,440	6,754	136,194
Supplies and Materials	49,560		49,560
Capital Outlay	2,275		2,275
Miscellaneous	1,109	6,903	8,012
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	344,153	13,657	357,810
Operating Income/(loss)	<hr/>	<hr/>	<hr/>
	162,707	(6,787)	155,920
Non-operating cash receipts and disbursements:			
Local taxes		226,075	226,075
Debt service - principal	(85,953)		(85,953)
Debt service - interest	(20,116)		(20,116)
	<hr/>	<hr/>	<hr/>
Total non-operating cash disbursements	(106,069)	226,075	120,006
Income before operating transfers and advances	56,638	219,288	275,926
Transfers-In		4,000	4,000
Operating transfers out		(214,000)	(214,000)
Advances in	-		-
Advances out	-	-	-
Net Income	56,638	9,288	65,926
Fund cash balances, January 1, 2002	\$ 248,703	\$ 430,261	\$ 678,964
Fund cash balances, December 31, 2002	<hr/>	<hr/>	<hr/>
	\$ 305,341	\$ 439,549	\$ 744,890
Reserve for encumbrance, December 31, 2002	<hr/>	<hr/>	<hr/>
	\$ 2,382		\$ 2,382

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

Village of Saint Paris
Champaign County
NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED
DECEMBER 31, 2003 AND 2002

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.

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
Champaign County
NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED
DECEMBER 31, 2003 AND 2002

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 from 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:

Shank Trust Fund – This fund receives proceeds from the Harold and Josephine Shank Trust Fund. Expenditures are based on the criteria established by the Will of Harold and Josephine Shank. Two-thirds of the funds are to be used for the maintenance of Village emergency services (Johnson Township St. Paris EMS). One-third of the funds are to be used for the maintenance and purchase of trees for Harmon Park and the streets of the Village.

Village of Saint Paris
Champaign County
NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED
DECEMBER 31, 2003 AND 2002

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (continued)

Fiduciary Funds (Trust and Agency Funds) (continued)

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.

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.

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.

**Village of Saint Paris
Champaign County
NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED
DECEMBER 31, 2003 AND 2002**

1. Summary of Significant Accounting Policies (Continued)

E. Budgetary Process (continued)

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.

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:

	2003	2002
Demand Deposits	\$ 997,955	\$ 951,300
Certificates of Deposit	<u>70,000</u>	<u>85,000</u>
Total deposits and investments	<u>\$ 1,067,955</u>	<u>\$ 1,036,300</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 Saint Paris
Champaign County
NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED
DECEMBER 31, 2003 AND 2002**

3. Budgetary Activity

Budgetary activity for the year ending December 31, 2003, was as follows:

2003 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Estimated Revenues</u> <u>Plus Carryover</u> <u>Balance</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 551,746	\$ 386,359	\$ 165,387
Special Revenue	595,529	243,441	352,088
Capital Project	0	0	0
Enterprise	855,359	557,207	298,152
Fiduciary	<u>696,242</u>	<u>31,518</u>	<u>664,724</u>
Total	<u>\$ 2,698,876</u>	<u>\$ 1,218,525</u>	<u>\$ 1,480,351</u>

2003 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation</u> <u>Authority</u>	<u>Budgetary</u> <u>Expenditures</u>	<u>Variance</u>
General	\$ 551,746	\$ 416,442	\$ 135,304
Special Revenue	595,529	174,593	420,936
Capital Project	0	0	0
Enterprise	855,359	588,145	267,214
Fiduciary	<u>696,242</u>	<u>15,818</u>	<u>680,424</u>
Total	<u>\$2,698,876</u>	<u>\$1,194,998</u>	<u>\$1,503,878</u>

Budgetary activity for the year ending December 31, 2002, was as follows:

2002 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Estimated Revenues</u> <u>Plus Carryover</u> <u>Balance</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 672,027	\$ 412,485	\$ 259,542
Special Revenue	496,139	235,962	260,177
Capital Project	133,000	75,334	57,666
Enterprise	701,703	506,860	194,843
Fiduciary	<u>692,363</u>	<u>24,141</u>	<u>668,222</u>
Total	<u>\$ 2,695,232</u>	<u>\$1,254,782</u>	<u>\$ 1,440,450</u>

**Village of Saint Paris
Champaign County
NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED
DECEMBER 31, 2003 AND 2002**

3. Budgetary Activity (Continued)

2002 Budgetary vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 672,027	\$ 421,954	\$ 250,073
Special Revenue	496,139	198,085	298,054
Capital Project	133,000	75,334	57,666
Enterprise	701,703	452,604	249,099
Fiduciary	<u>692,363</u>	<u>14,692</u>	<u>677,671</u>
Total	<u>\$ 2,695,232</u>	<u>\$ 1,162,669</u>	<u>\$1,532,563</u>

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, 2003 was as follows:

	Principal	Interest Rate
OWDA Water Pollution Control Loan	\$ 376,763	2.00%
OPWC Huffman Drive Storm Sewer Loan	\$ 72,485	0.00%
First Central National Bank	\$ 119,347	5.25%
First Central National Bank	\$ 35,000	4.25%

**Village of Saint Paris
Champaign County
NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED
DECEMBER 31, 2003 AND 2002**

5. Debt (continued)

Debt outstanding at December 31, 2002 was as follows:

	Principal	Interest Rate
OWDA Water Pollution Control Loan	\$ 443,179	2.00%
OPWC Huffman Drive Storm Sewer Loan	\$ 80,115	0.00%
First Central National Bank	\$ 139,510	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. The second loan with First Central National Bank was to run water and sewer lines to the Core/Hepp Annexation. The original loan was for \$50,000, but the project cost less that estimated. The Village made a \$15,000 principal payment in December, 2003.

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	First Central National Water/Sewer Lines
2004	\$ 77,492	\$ 7,630	\$ 26,446	\$ 4,255
2005	77,492	7,630	25,370	4,255
2006	77,492	7,630	24,312	4,255
2007-2011	180,610	38,150	64,956	21,277
2012-2016	<u>0</u>	<u>11,445</u>	<u>0</u>	<u>8,511</u>
Total	<u>\$ 413,086</u>	<u>\$ 72,485</u>	<u>\$ 141,084</u>	<u>\$ 42,553</u>

6. Retirement Systems

The Village's law enforcement officers belong to either the Police & Firemen's Disability & Pension Funds (PFDPF) 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.

Village of Saint Paris
Champaign County
NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED
DECEMBER 31, 2003 AND 2002

6. Retirement Systems (continued)

Contribution rates are also prescribed by the Ohio Revised Code. For 2003 and 2002, 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, 2003.

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

Workers' Compensation

For fiscal year 2003 and 2002, 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.

Village of Saint Paris
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NOTES TO FINANCIAL STATEMENTS FOR THE YEARS ENDED
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8. Fund Cash Balances

The General Fund Cash Balance at January 1, 2002 reflects a decrease of \$397 from the General Fund Cash Balance at December 31, 2001 on the December 31, 2001 and 2000 financial statements. The December 31, 2001 balance reflected a reconciling item of \$397. After the financial statements were issued the clerk resolved the \$397 item and recorded a correcting entry. The entry was posted to 2001, thus reducing the 2002 opening balance by \$397.

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, 2003, and December 31, 2002, and have issued our report thereon dated May 27, 2004. 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 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*. We noted certain immaterial instances of noncompliance that we have reported to the management of the Village in a separate letter dated May 27, 2004.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses.

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. 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, which we have reported to management of the Village in a separate letter dated May 27, 2004.

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.
May 27, 2004

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Betty Montgomery**

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VILLAGE OF ST. 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
JULY 27, 2004**