

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

Financial Statements
(Audited)

For The Year Ended
December 31, 2004

RUTH MILLER, FISCAL OFFICER



**Auditor of State
Betty Montgomery**

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

We have reviewed the Independent Auditor's Report of the Village of St. Henry, Mercer County, prepared by Trimble, Julian & Grube, Inc., for the audit period January 1, 2004 to December 31, 2004. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

BETTY MONTGOMERY
Auditor of State

March 31, 2005

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

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TRIMBLE, JULIAN & GRUBE, INC.

“SERVING OHIO LOCAL GOVERNMENTS”

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Independent Auditor’s Report

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

We have audited the accompanying financial statements of the Village of St. Henry, Mercer County, as of and for the year ended December 31, 2004. These financial statements are the responsibility of the Village of St. Henry’s management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances and fund balances of the Village of St. Henry, as of December 31, 2004, and its combined cash receipts and disbursements, combined budgeted and actual receipts and budgeted and actual disbursements for the year then ended on the basis of accounting described in Note 2.

In accordance with *Government Auditing Standards*, we have also issued a report dated March 9, 2005, on our consideration of the Village of St. Henry’s internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

This report is intended solely for the information and use of the Village of St. Henry’s management 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.

Trimble, Julian & Grube, Inc.
March 9, 2005

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

COMBINED STATEMENT OF CASH FUND BALANCES
ALL FUND TYPES
DECEMBER 31, 2004

<u>Cash and Investments</u>	<u>2004</u>
Cash and Cash Equivalents	\$ 50,000
Investments	<u>772,133</u>
Total Cash and Investments	<u>\$ 822,133</u>
<u>Fund Balances</u>	
<u>Governmental Funds:</u>	
General Fund	\$ 211,422
Special Revenue Funds	204,443
Capital Projects Fund	<u>20,079</u>
Total Governmental Funds	<u>435,944</u>
<u>Proprietary Fund:</u>	
Enterprise Funds	<u>385,831</u>
Total Proprietary Fund	<u>385,831</u>
<u>Fiduciary Fund:</u>	
Agency Fund	<u>358</u>
Total Fiduciary Fund	<u>358</u>
Total Fund Balances	<u>\$ 822,133</u>

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

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

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN CASH FUND BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2004

	Governmental Fund Types			Total (Memorandum Only)
	General	Special Revenue	Capital Projects	
Cash receipts:				
Property and other local taxes	\$ 68,512	\$ 558,802	\$ -	\$ 627,314
Intergovernmental	112,231	99,227	-	211,458
Special assessments	-	-	10,747	10,747
Charges for services	-	37,712	-	37,712
Fines, licenses, and permits	14,175	-	-	14,175
Interest	4,518	265	-	4,783
Miscellaneous	5,403	-	-	5,403
Total cash receipts	<u>204,839</u>	<u>696,006</u>	<u>10,747</u>	<u>911,592</u>
Cash disbursements:				
Current:				
Security of persons and property	191,428	-	-	191,428
Public health services	6,000	-	-	6,000
Leisure time activities	-	116,460	-	116,460
Transportation	26,622	100,922	-	127,544
General government	18,112	178,053	-	196,165
Capital outlay	58,000	221,685	-	279,685
Debt service:				
Principal retirement	-	38,200	-	38,200
Total cash disbursements	<u>300,162</u>	<u>655,320</u>	<u>-</u>	<u>955,482</u>
Total cash receipts over/(under) cash disbursements	<u>(95,323)</u>	<u>40,686</u>	<u>10,747</u>	<u>(43,890)</u>
Other financing receipts/(disbursements):				
Proceeds from Sale of Fixed Assets	3,894	-	-	3,894
Transfers In	100,000	80,000	-	180,000
Transfers Out	-	(180,000)	-	(180,000)
Total other financing receipts/(disbursements)	<u>103,894</u>	<u>(100,000)</u>	<u>-</u>	<u>3,894</u>
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements	8,571	(59,314)	10,747	(39,996)
Cash fund balances, January 1, 2004	<u>202,851</u>	<u>263,757</u>	<u>9,332</u>	<u>475,940</u>
Cash fund balances, December 31, 2004	<u>\$ 211,422</u>	<u>\$ 204,443</u>	<u>\$ 20,079</u>	<u>\$ 435,944</u>

THE NOTES TO THE FINANCIAL STATEMENTS ARE AN INTERGRAL PART OF THE STATEMENT.

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

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN CASH
FUND BALANCES - PROPRIETARY FUND TYPE AND
FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 2004

	Proprietary Fund Type	Fiduciary Fund Type	Total (Memorandum Only)
	Enterprise	Agency	
Operating cash receipts:			
Charges for services	\$ 802,230	\$ -	\$ 802,230
Other Miscellaneous	625	-	625
Total operating cash receipts	<u>802,855</u>	<u>-</u>	<u>802,855</u>
Operating cash disbursements:			
Personal services	186,908	-	186,908
Employee fringe benefits	27,554	-	27,554
Contractual services	303,159	-	303,159
Supplies and material	174,284	-	174,284
Miscellaneous	12,476	-	12,476
Total operating cash disbursements	<u>704,381</u>	<u>-</u>	<u>704,381</u>
Operating income	<u>98,474</u>	<u>-</u>	<u>98,474</u>
Nonoperating cash receipts/(disbursements):			
Fines collected	-	947	947
Fines disbursed	-	(589)	(589)
Special assessments	20,734	-	20,734
Debt service:			
Principal	(34,156)	-	(34,156)
Other	(10,678)	-	(10,678)
Total nonoperating cash receipts/(disbursements)	<u>(24,100)</u>	<u>358</u>	<u>(23,742)</u>
Net Income	74,374	358	74,732
Cash fund balances, January 1, 2004	<u>311,457</u>	<u>-</u>	<u>311,457</u>
Cash fund balances, December 31, 2004	<u>\$ 385,831</u>	<u>\$ 358</u>	<u>\$ 386,189</u>

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

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

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND ENCUMBRANCES COMPARED WITH EXPENDITURE
AUTHORITY - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 2004

Fund Types	Receipts					Disbursements						
	County Certified Unencumbered Cash	Budget	Total Estimated Resources	Actual 2004 Receipts	Variance Favorable (Unfavorable)	Prior Year Carryover Appropriations	2004 Appropriations	Total	Actual 2004 Disbursements	Encumbrances Outstanding at 12/31/04	Total	Variance Favorable (Unfavorable)
Governmental:												
General	\$ 213,902	\$ 293,036	\$ 506,938	\$ 308,733	\$ 15,697	\$ -	\$ 498,275	\$ 498,275	\$ 300,162	\$ -	\$ 300,162	\$ 198,113
Special Revenue	252,707	715,000	967,707	776,006	61,006	-	937,527	937,527	835,320	-	835,320	102,207
Capital Projects	9,332	-	9,332	10,747	10,747	-	-	-	-	-	-	-
Proprietary:												
Enterprise	311,457	736,500	1,047,957	823,589	87,089	-	1,009,957	1,009,957	749,215	-	749,215	260,742
Total (Memorandum Only)	<u>\$ 787,398</u>	<u>\$ 1,744,536</u>	<u>\$ 2,531,934</u>	<u>\$ 1,919,075</u>	<u>\$ 174,539</u>	<u>\$ -</u>	<u>\$ 2,445,759</u>	<u>\$ 2,445,759</u>	<u>\$ 1,884,697</u>	<u>\$ -</u>	<u>\$ 1,884,697</u>	<u>\$ 561,062</u>

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004

NOTE 1 - DESCRIPTION OF THE ENTITY

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

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. BASIS OF PRESENTATION - FUND ACCOUNTING

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

GOVERNMENTAL FUND TYPES

General Fund

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

Special Revenue Funds

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004

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

The Village had the following significant special revenue fund:

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

Capital Projects Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major projects (except those financed through enterprise or trust funds). The Village had no significant capital projects funds.

PROPRIETARY FUND TYPE

Enterprise Funds

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

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

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

FIDUCIARY FUND TYPE

Agency Funds

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004

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

B. BASIS OF ACCOUNTING

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

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

C. BUDGETARY PROCESS

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

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

Tax Budget:

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004

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

Estimated Resources:

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

Appropriations:

A temporary appropriation measure to control cash disbursements may be passed on or about January 1 of each year for the period January to March 31. An annual appropriation measure must be passed by April 1 of each year for the period January 1 to December 31. The appropriations measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources. There were supplemental appropriation amendments in 2004.

Encumbrances:

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

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be reappropriated. The Village had no outstanding encumbrances at December 31, 2004.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004

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

D. CASH AND INVESTMENTS

For reporting purposes, the Village considers "Cash and Investments" to be cash on hand, demand deposits, and all investments held by the Village with a maturity date less than or equal to three months from the date of purchase. Interest income earned and received by the Village totaled \$4,783 for the year ended December 31, 2004.

E. PROPERTY, PLANT AND EQUIPMENT

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

F. INTERGOVERNMENTAL REVENUES

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

G. UNPAID VACATION AND SICK LEAVE

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

H. INTERFUND TRANSACTIONS

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

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004

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

I. TOTAL COLUMNS ON FINANCIAL STATEMENTS

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

NOTE 3 - CASH AND INVESTMENTS

The Village maintains 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>2004</u>
Deposits:	
Demand deposits	\$ 50,000
Investments:	
Repurchase agreement	<u>772,133</u>
Total deposits and investments	<u><u>\$ 822,133</u></u>

Deposits: Deposits are insured by the Federal Deposit Insurance Corporation.

Investments: Repurchase agreement reported at cost.

NOTE 4 - PROPERTY AND OTHER LOCAL TAXES

A. PROPERTY TAX

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

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004

NOTE 4 - PROPERTY AND OTHER LOCAL TAXES - (Continued)

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.

B. LOCAL INCOME TAX

This locally levied tax of 1.00% applies to gross salaries, wages and other personal service compensation earned by residents both in and out of the Village and to earnings of nonresidents (except certain transients) earned in the Village. It also applies to the net income of business organizations located within the Village. Tax receipts are accounted for in a special revenue fund and transferred to various funds for operations. The Village collected \$558,802 in 2004 in income tax receipts.

NOTE 5 - DEBT OBLIGATIONS

At December 31, 2004, debt obligations consisted of the following issuances:

<u>Description</u>	<u>Balance at 12/31/04</u>
1994 Ohio Public Works Commission (OPWC) Main Street Water Line Loan, due in semiannual payments of \$2,703 through 2013, interest free.	\$ 48,665
1995 Ohio Public Works Commission (OPWC) Water Treatment Plant Expansion Loan, due in semiannual payments of \$3,875 through 2015, interest free.	81,375
2002 Promissory note, due in annual payments of \$21,000 through 2006, interest free.	<u>42,000</u>
Balance at December 31, 2004	<u>\$ 172,040</u>

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004

NOTE 5 - DEBT OBLIGATIONS - (Continued)

Transactions for the year ended December 31, 2004, are summarized as follows:

<u>Description</u>	<u>Balance at 12/31/03</u>	<u>Proceeds</u>	<u>Payments</u>	<u>Balance at 12/31/04</u>
1994 OPWC Loan	\$ 54,071	\$ -	\$ (5,406)	\$ 48,665
1995 OPWC Loan	89,125	-	(7,750)	81,375
2002 Promissory Note	63,000	-	(21,000)	42,000
2002 Promissory Note	<u>38,200</u>	<u>-</u>	<u>(38,200)</u>	<u>-</u>
Total Debt Obligations	<u>\$ 244,396</u>	<u>\$ -</u>	<u>\$ (72,356)</u>	<u>\$ 172,040</u>

The principal requirements to retire the debt obligations outstanding at December 31, 2004, are as follows:

<u>Year Ending December 31,</u>	<u>1994 OPWC Loan Principal</u>	<u>1995 OPWC Loan Principal</u>	<u>2002 Promissory Note Principal</u>	<u>Total Principal</u>
2005	\$ 5,406	\$ 7,750	\$ 21,000	\$ 34,156
2006	5,406	7,750	21,000	34,156
2007	5,406	7,750	-	13,156
2008	5,406	7,750	-	13,156
2009	5,406	7,750	-	13,156
2010 - 2014	21,635	38,750	-	60,385
2015	<u>-</u>	<u>3,875</u>	<u>-</u>	<u>3,875</u>
Totals	<u>\$ 48,665</u>	<u>\$ 81,375</u>	<u>\$ 42,000</u>	<u>\$ 172,040</u>

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004

NOTE 6 - INTERFUND TRANSACTIONS

The Village had the following interfund transactions for the year ended December 31, 2004:

<u>Fund Type/Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$ 100,000	\$ -
<u>Special Revenue Funds</u>		
Income Tax	-	180,000
Parks & Recreation	<u>80,000</u>	<u>-</u>
Total Special Revenue	<u>80,000</u>	<u>180,000</u>
Total All Funds	<u>\$ 180,000</u>	<u>\$ 180,000</u>

The transfers in the year ended December 31, 2004 were made in accordance with Ohio Revised Code Section 5705.14, 5705.15 and 5705.16.

NOTE 7 - RETIREMENT SYSTEMS

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

Contribution rates are also prescribed by the Ohio Revised Code. For 2004, members of OP&F contributed 10% of their wages to the OP&F. The Village contributed an amount equal to 19.5% of their wages. OPERS 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, 2004.

NOTE 8 - RISK POOL MEMBERSHIP

The government belongs to the Ohio Government Risk Management Plan (the "Plan"), an unincorporated non-profit association with approximately 600 governmental entity members providing a formalized, jointly administered self-insurance risk management program and other administrative services.

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2004

NOTE 8 - RISK POOL MEMBERSHIP - (Continued)

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

The Plan uses conventional insurance coverages and reinsures these coverages. Effective September 1, 2002, the Plan retains 5% of the premium and losses on the first \$500,000 casualty treaty (up to \$25,000 of a loss) and 5% of the first \$1,000,000 property treaty (up to \$50,000 of a loss). The Plan also participates in a loss corridor in its first \$500,000 casualty reinsurance. The corridor includes losses paid between 55% and 65% of premiums earned under this treaty. (Reinsurance coverage would resume after a paid loss ratio of 65% is exceeded.) The individual members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

NOTE 9 - CONTINGENT LIABILITY

LITIGATION

The Village is currently not involved in litigation.

TRIMBLE, JULIAN & GRUBE, INC.

“SERVING OHIO LOCAL GOVERNMENTS”

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

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371 North Linn Street
St. Henry, OH 45883

We have audited the financial statements of the Village of St. Henry as of and for the year ended December 31, 2004, and have issued our report thereon dated March 9, 2005. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village of St. Henry’s internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to the management of the Village in a separate letter dated March 9, 2005.

Members of Council and Mayor
Village of St. Henry

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village of St. Henry's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, 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 or other matters that are required to be reported under *Government Auditing Standards*. However, we noted an immaterial instance of noncompliance that we have reported to the management of the Village of St. Henry in a separate letter dated March 9, 2005.

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

Trimble, Julian & Grube, Inc.
March 9, 2005



**Auditor of State
Betty Montgomery**

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800-282-0370
Facsimile 614-466-4490

VILLAGE OF ST. HENRY

MERCER COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
APRIL 12, 2005**