

**VILLAGE OF SAINT PARIS
CHAMPAIGN COUNTY**

FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010



Dave Yost • Auditor of State

Member of Council
Village of Saint Paris
PO Box 572
St. 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, 2010 through December 31, 2011. 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 black ink that reads "Dave Yost".

Dave Yost
Auditor of State

November 6, 2012

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VILLAGE OF SAINT PARIS
CHAMPAIGN COUNTY

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INDEPENDENT AUDITORS' REPORT

Mayor and Members of Council
Village of Saint Paris
135 West Main Street
Saint Paris, Ohio 45345

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, 2011 and 2010. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on the 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 require 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, 2011 and 2010 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, 2011 and 2010 or its changes in financial position or cash flows, for the years then ended.

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Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances as of December 31, 2011 and 2010 of the Village of Saint Paris, Champaign County, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

As described in Note 1, during 2011 the Village adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 11, 2012, 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 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 financial 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

May 11, 2012

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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 FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2011

| | General | Special Revenue | Capital Projects | Totals (Memorandum Only) |
|--|------------------------|----------------------------|-----------------------------|---|
| Cash Receipts | | | | |
| Property and Other Local Taxes | \$53,740 | \$124,519 | \$0 | \$178,259 |
| Municipal Income Tax | 245,073 | 0 | 0 | \$245,073 |
| Intergovernmental | 55,912 | 94,077 | 241,330 | \$391,319 |
| Special Assessments | 132 | 32,190 | 0 | \$32,322 |
| Charges for Services | 24,100 | 2,864 | 0 | \$26,964 |
| Fines, Licenses and Permits | 48,527 | 12,448 | 0 | \$60,975 |
| Earnings on Investments | 1,791 | 1,222 | 0 | \$3,013 |
| Miscellaneous | 668 | 6,105 | 0 | 6,773 |
| <i>Total Cash Receipts</i> | <u>429,943</u> | <u>273,425</u> | <u>241,330</u> | <u>944,698</u> |
| Cash Disbursements | | | | |
| Current: | | | | |
| Security of Persons and Property | 326,954 | 257 | 0 | 327,211 |
| Leisure Time Activities | 0 | 5,414 | 0 | 5,414 |
| Community Environment | 0 | 739 | 0 | 739 |
| Transportation | 0 | 175,934 | 241,330 | 417,264 |
| General Government | 126,470 | 8,518 | 0 | 134,988 |
| Debt Service: | | | | |
| Principal Retirement | 7,630 | 0 | 0 | 7,630 |
| <i>Total Cash Disbursements</i> | <u>461,054</u> | <u>190,862</u> | <u>241,330</u> | <u>893,246</u> |
| <i>Excess of Receipts Over (Under) Disbursements</i> | <u>(31,111)</u> | <u>82,563</u> | <u>0</u> | <u>51,452</u> |
| <i>Net Change in Fund Cash Balances</i> | <u>(31,111)</u> | <u>82,563</u> | <u>0</u> | <u>51,452</u> |
| <i>Fund Cash Balances, January 1</i> | <u>52,492</u> | <u>86,986</u> | <u>0</u> | <u>139,478</u> |
| Fund Cash Balances, December 31 | | | | |
| Restricted | 0 | 167,945 | 0 | 167,945 |
| Unassigned (Deficit) | 21,381 | 1,604 | 0 | 22,985 |
| <i>Fund Cash Balances, December 31</i> | <u><u>\$21,381</u></u> | <u><u>\$169,549</u></u> | <u><u>\$0</u></u> | <u><u>\$190,930</u></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 PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2011

| | Proprietary Fund Types | Fiduciary Fund Types | Totals (Memorandum Only) |
|---|-----------------------------------|---------------------------------|---|
| | Enterprise | Agency | |
| Operating Cash Receipts | | | |
| Charges for Services | \$787,800 | \$0 | \$787,800 |
| Fines, Licenses and Permits | 0 | 7,421 | 7,421 |
| <i>Total Operating Cash Receipts</i> | <u>787,800</u> | <u>7,421</u> | <u>795,221</u> |
| Operating Cash Disbursements | | | |
| Personal Services | 163,631 | 0 | 163,631 |
| Employee Fringe Benefits | 100,459 | 0 | 100,459 |
| Contractual Services | 146,654 | 0 | 146,654 |
| Supplies and Materials | 110,476 | 0 | 110,476 |
| Other | 4,749 | 7,421 | 12,170 |
| <i>Total Operating Cash Disbursements</i> | <u>525,969</u> | <u>7,421</u> | <u>533,390</u> |
| <i>Operating Income (Loss)</i> | <u>261,831</u> | <u>0</u> | <u>261,831</u> |
| Non-Operating Receipts (Disbursements) | | | |
| Miscellaneous Receipts | 33,927 | 0 | 33,927 |
| Intergovernmental | 116,228 | 0 | 116,228 |
| Capital Outlay | (408,450) | 0 | (408,450) |
| Principal Retirement | (41,919) | 0 | (41,919) |
| Interest and Other Fiscal Charges | (28,428) | 0 | (28,428) |
| <i>Total Non-Operating Receipts (Disbursements)</i> | <u>(328,642)</u> | <u>0</u> | <u>(328,642)</u> |
| | (66,811) | 0 | (66,811) |
| <i>Fund Cash Balances, January 1</i> | <u>581,791</u> | <u>571</u> | <u>582,362</u> |
| <i>Fund Cash Balances, December 31</i> | <u><u>\$514,980</u></u> | <u><u>\$571</u></u> | <u><u>\$515,551</u></u> |

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

**VILLAGE OF SAINT PARIS
CHAMPAINGN COUNTY**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES
IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2010

| | General | Special Revenue | Totals (Memorandum Only) |
|---|------------------------|----------------------------|---|
| Cash Receipts | | | |
| Property and Other Local Taxes | \$59,471 | \$127,663 | \$187,134 |
| Municipal Income Tax | 244,530 | 0 | 244,530 |
| Intergovernmental | 111,853 | 99,502 | 211,355 |
| Special Assessments | 0 | 38,364 | 38,364 |
| Charges for Services | 0 | 2,126 | 2,126 |
| Fines, Licenses and Permits | 54,643 | 7,547 | 62,190 |
| Earnings on Investments | 5,145 | 328 | 5,473 |
| Miscellaneous | 6,201 | 5,231 | 11,432 |
| <i>Total Cash Receipts</i> | <u>481,843</u> | <u>280,761</u> | <u>762,604</u> |
| Cash Disbursements | | | |
| Current: | | | |
| Security of Persons and Property | 320,450 | 1,383 | 321,833 |
| Public Health Services | 0 | 44,541 | 44,541 |
| Leisure Time Activities | 0 | 8,363 | 8,363 |
| Community Environment | 21 | 10,500 | 10,521 |
| Transportation | 0 | 265,236 | 265,236 |
| General Government | 135,665 | 9,119 | 144,784 |
| Debt Service: | | | |
| Principal Retirement | 7,630 | 3,777 | 11,407 |
| Interest and Fiscal Charges | 0 | 74 | 74 |
| <i>Total Cash Disbursements</i> | <u>463,766</u> | <u>342,993</u> | <u>806,759</u> |
| <i>Excess of Receipts Over (Under) Disbursements</i> | <u>18,077</u> | <u>(62,232)</u> | <u>(44,155)</u> |
| Other Financing Receipts (Disbursements) | | | |
| Sale of Capital Assets | 1,350 | 0 | 1,350 |
| <i>Total Other Financing Receipts (Disbursements)</i> | <u>1,350</u> | <u>0</u> | <u>1,350</u> |
| <i>Net Change in Fund Cash Balances</i> | 19,427 | (62,232) | (42,805) |
| <i>Fund Cash Balances, January 1</i> | <u>33,065</u> | <u>149,218</u> | <u>182,283</u> |
| <i>Fund Cash Balances, December 31</i> | <u><u>\$52,492</u></u> | <u><u>\$86,986</u></u> | <u><u>\$139,478</u></u> |

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

**VILLAGE OF SAINT PARIS
CHAMPAINGN COUNTY**

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES -
ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2010

| | Proprietary Fund Types | Fiduciary Fund Types | Totals |
|---|---------------------------|-------------------------|----------------------|
| | Enterprise | Agency | (Memorandum Only) |
| Operating Cash Receipts | | | |
| Charges for Services | \$ 763,813 | \$ 0 | \$ 763,813 |
| Fines, Licenses and Permits | 0 | 9,024 | 9,024 |
| <i>Total Operating Cash Receipts</i> | <u>763,813</u> | <u>9,024</u> | <u>772,837</u> |
| Operating Cash Disbursements | | | |
| Personal Services | 197,005 | 0 | 197,005 |
| Employee Fringe Benefits | 93,017 | 0 | 93,017 |
| Contractual Services | 101,644 | 0 | 101,644 |
| Supplies and Materials | 179,467 | 0 | 179,467 |
| Other | 36,278 | 8,596 | 44,874 |
| <i>Total Operating Cash Disbursements</i> | <u>607,411</u> | <u>8,596</u> | <u>616,007</u> |
| <i>Operating Income (Loss)</i> | <u>156,402</u> | <u>428</u> | <u>156,830</u> |
| Non-Operating Receipts (Disbursements) | | | |
| Miscellaneous Receipts | 46,325 | 0 | 46,325 |
| Capital Outlay | (226,045) | 0 | (226,045) |
| Principal Retirement | (87,634) | 0 | (87,634) |
| Interest and Other Fiscal Charges | (31,052) | 0 | (31,052) |
| <i>Total Non-Operating Receipts (Disbursements)</i> | <u>(298,406)</u> | <u>0</u> | <u>(298,406)</u> |
| <i>Net Change in Fund Cash Balances</i> | (142,004) | 428 | (141,576) |
| <i>Fund Cash Balances, January 1</i> | <u>723,795</u> | <u>143</u> | <u>723,938</u> |
| <i>Fund Cash Balances, December 31</i> | <u>\$ 581,791</u> | <u>\$ 571</u> | <u>\$ 582,362</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 YEARS ENDED DECEMBER 31, 2011 AND 2010**

1. Summary of Significant Accounting Policies

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.

A. 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.

B. Cash and Investments

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

C. 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 reports all financial resources except those required to be accounted for in another fund.

**VILLAGE OF SAINT PARIS
CHAMPAIGN COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

1. Summary of Significant Accounting Policies (Continued)

C. 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 Projects 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 Township had the following significant Capital Projects Funds:

OPWC – This fund receives monies through OPWC grants for construction projects.

Enterprise Funds

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

Water 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 agency funds. 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 YEARS ENDED DECEMBER 31, 2011 AND 2010

1. Summary of Significant Accounting Policies (Continued)

D. 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 years-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 years-end are carried over and need not be re-appropriated.

A summary of 2011 and 2010 budgetary activity appears in Note 4.

E. Fund Balance

For 2011, Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable

The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

Restricted

Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

**VILLAGE OF SAINT PARIS
CHAMPAIGN COUNTY**

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

1. Summary of Significant Accounting Policies (Continued)

E. Fund Balance (Continued)

Committed

Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned

Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

Unassigned

Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

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 YEARS ENDED DECEMBER 31, 2011 AND 2010**

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:

| | | |
|-----------------|-------------------|-------------------|
| | <u>2011</u> | <u>2010</u> |
| Demand deposits | <u>\$ 706,481</u> | <u>\$ 721,840</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, 2011 AND 2010

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2011 and 2010 as follows:

2011 Budgeted vs. Actual Receipts

| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
|------------------|----------------------|---------------------|------------------|
| General | \$ 429,800 | \$ 429,943 | \$ 143 |
| Special Revenue | 246,422 | 273,425 | 27,003 |
| Capital Projects | 241,330 | 241,330 | 0 |
| Enterprise Funds | 879,114 | 937,955 | 58,841 |
| Total | <u>\$ 1,796,666</u> | <u>\$ 1,882,653</u> | <u>\$ 85,987</u> |

2011 Budgeted vs. Actual Budgetary Basis Expenditures

| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
|------------------|----------------------------|---------------------------|-------------------|
| General | \$ 519,293 | \$ 461,054 | \$ 58,239 |
| Special Revenue | 333,407 | 190,862 | 142,545 |
| Capital Projects | 241,330 | 241,330 | 0 |
| Enterprise Funds | 1,460,903 | 1,004,766 | 456,137 |
| Total | <u>\$ 2,554,933</u> | <u>\$ 1,898,012</u> | <u>\$ 656,921</u> |

2010 Budgeted vs. Actual Receipts

| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
|------------------|----------------------|---------------------|--------------------|
| General | \$ 500,441 | \$ 483,193 | \$ (17,248) |
| Special Revenue | 339,907 | 280,761 | (59,146) |
| Enterprise Funds | 745,907 | 810,138 | 64,231 |
| Total | <u>\$ 1,586,255</u> | <u>\$ 1,574,092</u> | <u>\$ (12,163)</u> |

2010 Budgeted vs. Actual Budgetary Basis Expenditures

| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
|------------------|----------------------------|---------------------------|-------------------|
| General | \$ 533,507 | \$ 463,766 | \$ 69,741 |
| Special Revenue | 544,126 | 342,993 | 201,133 |
| Enterprise Funds | 1,469,700 | 952,142 | 517,558 |
| Total | <u>\$ 2,547,333</u> | <u>\$ 1,758,901</u> | <u>\$ 788,432</u> |

**VILLAGE OF SAINT PARIS
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

3. Budgetary Compliance

Ohio Rev. Code Section 5705.36 allows all subdivisions to request increased amended certificates of estimated resources and reduced amended certificates upon determination by the fiscal officer that revenue to be collected will be greater or less than the amount in the official certificate of estimated resources. Contrary to Ohio Law, estimated resources exceeded appropriations in excess of actual receipts in the Enforcement Education Fund in 2011 by \$270; and in 2010 the General Fund, Emergency Medical Services, and Storm Drain \$17,249, 17,500 and \$57,522, respectively.

4. 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 2011 and 2010 were \$245,073 and 244,530, respectively.

5. 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.

6. Debt

Debt outstanding at December 31, 2011 was as follows:

| | <u>Principal</u> | <u>Interest Rate</u> |
|---|------------------|----------------------|
| OPWC Huffman Drive Storm Sewer Loan | 11,445 | 0.00% |
| First Central National Bank - Water Tower | 462,431 | 5.00% |
| First Central National Bank – Land Loan | 103,631 | 4.00% |
| | <u>\$577,507</u> | |

**VILLAGE OF SAINT PARIS
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

6. Debt, (continued)

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 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 2011 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.

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

| Years Ending December 31: | OPWC | Water Tower | Land Acquisition |
|------------------------------|-----------------|------------------|------------------|
| 2012 | 7,630 | 52,372 | 16,515 |
| 2013 | 3,815 | 50,872 | 16,514 |
| 2014 | 0 | 49,372 | 82,422 |
| 2015 | 0 | 47,872 | 0 |
| 2016 | 0 | 46,372 | 0 |
| 2017-2019 | 0 | 320,241 | 0 |
| Total | <u>\$11,445</u> | <u>\$567,101</u> | <u>\$115,451</u> |

7. 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 2011 and 2010, OP&F participants contributed 10 percent of their wages. For 2011 and 2010, the Village contributed to OP&F an amount equal to 19.5 percent of full-time police members' wages, respectively. For 2011 and 2010, OPERS members contributed 10 percent of their gross salaries and the Village contributed an amount equaling 14 percent of covered payroll. The Village has paid all contributions required through December 31, 2011.

8. 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.

**VILLAGE OF SAINT PARIS
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

8. Risk Management, (continued)

The Government 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. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2010, PEP retained \$350,000 for casualty claims and \$150,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

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, 2010 and 2009 (the latest information available):

| | <u>2010</u> | <u>2009</u> |
|-------------|---------------------|---------------------|
| Assets | \$34,952,010 | \$36,374,898 |
| Liabilities | <u>(14,320,812)</u> | <u>(15,256,862)</u> |
| Net Assets | <u>\$20,631,198</u> | <u>\$21,118,036</u> |

At December 31, 2010 and 2009, respectively, the liabilities above include approximately \$12.9 million and \$14.1 million of estimated incurred claims payable. The assets above also include approximately \$12.4 million and \$13.7 million of unpaid claims to be billed to approximately 454 member governments in the future, as of December 31, 2010 and 2009, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2010, the Government's share of these unpaid claims collectible in future years is approximately \$11,917.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are 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 years of membership.

**VILLAGE OF SAINT PARIS
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010**

8. Risk Management (continued)

| Contributions to PEP | |
|----------------------|--------|
| 2011 | 2010 |
| 12,862 | 11,995 |

After one years of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent years' contribution. Withdrawing members have no other future obligation to PEP. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

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

9. Related Party Transactions

Former Council member Stacy Barnhart is an owner and employee of R&S Barnhart Construction. During 2011 and 2010 R&S Barnhart Construction performed a variety of services for the Village for which the company was paid \$1,268 and \$30,926, respectively. In addition, R&S Barnhart Construction was awarded a contract for a downtown revitalization project through competitive bid procedures in 2010. Total payments made to R&S Barnhart Construction related to the project in 2011 were \$26,914.

10. Lease/Rent Agreement

December 5, 2011 The Village Council passed Resolution 1155, allowing them to lease/rent 4,000 sq/ft of storage area to The Village of Saint Paris Water/Sewer Department from the Village of Saint Paris for \$.50 per sq/ft or \$2,000 per month, \$24,000 per years. Upon passing they paid \$24,000 lease/rent payment in December 2011 and began the monthly lease/rent payments of \$2,000 in January 2012.

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**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Mayor and Members of Council
Village of Saint Paris
135 West Main Street
Saint Paris, Ohio 45345

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, 2011 and 2010, and have issued our report thereon dated May 11, 2012, wherein we noted the Village prepared its financial statements using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. Also we noted the Village adopted Governmental Accounting Standards Board Statement No. 54 during 2011. 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 audit 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 first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be deficiencies, 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 material weaknesses and other deficiencies we consider to be significant deficiencies.

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 material misstatement of the entity's financial statement misstatements will not be prevented, or detected and timely corrected. We consider finding 2011-002 and 2011-006 described in the accompanying schedule of findings to be material weaknesses.

Internal Control Over Financial Reporting (continued)

A significant deficiency is a deficiency, or combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider findings 2011-004 and 2011-005 described in the accompanying schedule of findings to be significant deficiencies.

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 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* which are described in the accompany schedule of findings as items 2011-001 through 2011-004, and 2011-006.

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, Village Council and others within the Village. We intend it for no one other than these specified parties.

Manning & Associates CPAs, LLC
Dayton, Ohio

May 11, 2012

**VILLAGE OF SAINT PARIS
CHAMPAIGN COUNTY**

SCHEDULE OF FINDINGS
DECEMBER 31, 2011 and 2010

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| FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS |
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FINDING NUMBER 2011-001

Noncompliance/Significant Deficiency

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 years. 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 years. 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, 2011 and 2010**

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| FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS |
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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 2011 and 2010, respectively. Additionally, the Village issued nine (9) "Then and Now" purchase orders in 2010 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 2011-002

Material Weakness

Ohio Rev. Code Section 733.28 states, in part, the village fiscal officer 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. Final amendments sent to the County Auditor were not recorded in Village's accounting system
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. Loan payments for water tower were posted as operating supplies and materials, other expenses or general governmental expenses, rather than principal and interest payments
4. 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, 2011 and 2010

**FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

FINDING NUMBER 2011-003

Noncompliance

Ohio Rev. Code Section 5705.36 (A)(2) allows subdivisions to request increased amended certificates of estimated resources and reduced amended certificates upon determination by the fiscal officer that revenue to be collected will be greater or less than the amount in the official certificate of estimated resources. An increased amended certificate must be obtained from the budget commission if the legislative authority intends to appropriate and expend the excess revenue. A reduced amended certificate must be obtained if the amount of the deficiency will reduce available resources below the current level of appropriation.

The Township did not obtain an amended certificate of estimated resources for the following fund that had actual revenues less than estimated revenues.

Estimated resources exceeded actual receipts in the following funds:

| Fund | Estimated Receipts | Actual Receipts | Variance |
|---------------------------|-------------------------------|----------------------------|-----------------|
| 2011 | | | |
| Enforcement Education | \$ 260 | \$ - | \$ (260) |
| 2010 | | | |
| General Fund | \$ 500,441 | \$ 486,192 | \$ (17,249) |
| Emergency Medical Service | 17,500 | - | (17,500) |
| Storm Drain | 126,000 | 68,478 | (57,522) |

Failure to amend the certificate of estimated resources when actual revenue is less than expected (estimated) revenue could result in the Township incurring expenditures in excess of actual available resources.

In addition, budgetary information on the Township’s computer records did not agree with the information filed with the County Auditor in both 2011 and 2010. Failure to record the budgetary data accurately presents an inaccurate comparison of the budgetary activity and can mislead those using the annual financial report.

Failure to provide accurate and complete financial information limits management’s resources for decision making and can provide a false perception of the Township’s financial position. Failure to accurately prepare and reconcile the accounting records reduces the Trustees ability to monitor financial activity, increases the likelihood that monies will be misappropriated and go detected and increases the likelihood that the Township’s financial statements will be misstated.

Response: Fiscal Officer will monitor budgetary compliance more closely in the future, and utilize the UAN system for budgetary reporting.

**VILLAGE OF SAINT PARIS
CHAMPAIGN COUNTY**

SCHEDULE OF FINDINGS
DECEMBER 31, 2011 and 2010

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| FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS |
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FINDING NUMBER 2011-004

Significant Deficiency

Ohio Rev. Code Section 9.38 states that public money must be deposited with the treasurer of the public office or to a designated depository on the business day following the receipt. If the amount of the daily receipts does not exceed \$1,000 and the receipts can be safeguarded, public offices may adopt a policy permitting their officials who receive this money to hold it past the next business day, if properly secured, but the deposit must be made no later than 3 business days after being received.

To reduce the risk of misappropriation of Township assets and to comply with the abovementioned section of code, all cash collections should be deposited within the 24 hour requirement or a policy be adopted by the Township that permits officials to hold any money under the \$1,000 threshold for no more than 3 business days, if properly secured. Additionally, procedures should be implemented to provide that the Fiscal Officer deposit all receipts to the bank in a timely and complete manner.

General receipts were not found to have been deposited in a timely manner. Of the manual checks reviewed, 22.2 percent and 55.5 percent for 2011 and 2010, respectively, were noted as being deposited 7 days or more after the issue date on the check.

Response: The Village will review current procedures and make any necessary changes.

FINDING NUMBER 2011-005

Significant Deficiency

Ordinance Number 501, Passed January 17, 1989, states the additional charge or fees to users of the Saint Paris sewage treatment facility is for previous agreements entered into *“to implement phase of study, design and construction an additional sewage treatment facility subsequent to the original system for sewage treatment and now deems it necessary to implement a measure to pay for the phases of study, design, engineering, construction and cost associated therewith.”*

Ordinance Number 501, Section IV states: *“The monies generated by this additional assessment shall be used as allowable by law for expenses, including, but not limited to, the costs of consultation, design, planning, engineering, construction, legal and professional services and the costs of financing the project.”*

While the Ordinance itself does not have a defined period, supporting evidence suggests this Ordinance was solely to cover debt issued for the items listed in the Ordinance. We obtained a copy on the “Public Notice”, which states “The proposed assessment shall be for a period of time not to exceed 20 years.” In addition, a newspaper article was published directly after the public hearing which suggest the proposed assessment maybe less than 20-years depending on OWDA interest rate.

**VILLAGE OF SAINT PARIS
CHAMPAIGN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2011 and 2010**

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| FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS |
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FINDING NUMBER 2011-005 (Continued)

Based on the "Public Notice" this assessment should have ended in 2009, or 20-yearss after the issuance of the Ordinance. The Village is still collecting the assessment and has not made amendments to the Ordinance for this continuance.

We recommend the Village review its current rates and adopt a new ordinance at the rates proposed by the Village.

Response: Council has adopted a new ordinance removing the additional assessment from the water and sewer rates.

FINDING NUMBER 2011-006

Material Weakness

In 2010, the Village Administrator purchased real estate from a business owner on the Village's behalf. In lieu of cash payment for the purchase the Village credited the business owner's previous year's sidewalk assessment loan for the purchase in the amount of \$10,500. Since no cash exchanged hands, this transaction was not receipted or expended.

In addition, the Village made purchases for office furnishings and carpet for the Village offices in 2011; the cost of these items was credited to the outstanding balance due on the sidewalk assessment loan in the amount of \$1,603.98.

Assessments were to be paid to the Street fund to reimburse the cost incurred by the Village for the sidewalk. The outlay for land should have been expended from the Park fund since it was subsequently developed into a park walkway. Improvements to the park include brick pavers for walkway between the buildings, and a bench seating area. The park improvements were done by Downtown Association at no expense to the Village

Based on the facts above, the Street fund was understated by \$12,103.98 for lack of recording payments in kind for the sidewalk assessment. The General fund was overstated by \$1,603.98 for the purchase of the office furnishings and the Park fund was overstated by \$10,500 for the purchase of the land.

Adjustments have been made to these financial statements for the receipt and expenditure to be recorded into the Village's accounting software and in the appropriate fund. The adjustment caused the Park fund to have a negative balance at December 31, 2011 and 2010 in the amount of \$4,303 and \$2,627. **Ohio Rev. Code, Section 5705.10**, states that money that is paid into a fund must be used only for the purposes for which such fund has been established. A negative fund balance indicates that money from one fund was used to cover the expenses of another fund.

**VILLAGE OF SAINT PARIS
CHAMPAIGN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2011 and 2010**

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| <p>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</p> |
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FINDING NUMBER 2011-006 (Continued)

Further, there was no mention in the minutes of the Village the approval of such transaction with Council or the treatment of the purchase and related credit for payment. Further, the transactions was not recorded on the financial records of the Village since no cash (check) was processed nor were any memo transactions recorded to reflect the payment for the land or furnishings. The Village does not have a policy on the dollar limit that can be expended without Council approval.

We recommend the Village adopt a policy on limiting the amount that can be spent without Council approval. We also suggest all major purchases be addressed at Council meetings and recorded in the minutes of the Village. All transactions of the Village should be reported appropriately.

Response: Village Administrator stated he was in constant contact with Council and believes they were adequately informed on the topic of the land transfer. The Village was unaware of the ramifications of these transactions on the fund balances; and for the convenience of the Village and the Seller reduced the assessment loan in lieu of the cash payment.

**VILLAGE OF SAINT PARIS
CHAMPAIGN COUNTY**

SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2011 AND 2010

| Finding Number | Finding Summary | Fully Corrected? | Not Corrected, Partially Corrected; Significantly Different Correction Action Taken; or Finding No Longer Valid; Explain |
|----------------|--|------------------|---|
| 2009-001 | 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 2011-001 |
| 2009-002 | ORC 733.28 - Failure to properly maintain books and records | No | Reissued as Finding Number 2011-002 |
| 2009-003 | Monthly Bank Reconciliation | Yes | |

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Dave Yost • 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
DECEMBER 11, 2012