

**VILLAGE OF ST. HENRY
MERCER COUNTY
Regular Audit
For the Year Ended December 31, 2011**

Perry & Associates
Certified Public Accountants, A.C.



Dave Yost • Auditor of State

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

We have reviewed the *Independent Accountants' Report* of the Village of St. Henry, Mercer County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2011 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.

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 black ink that reads "Dave Yost".

Dave Yost
Auditor of State

May 31, 2012

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**VILLAGE OF ST. HENRY
MERCER COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants’ Report	1
Management’s Discussion and Analysis	3
Basic Financial Statements For the Year Ended December 31, 2011:	
Government-Wide Financial Statements:	
Statement of Net Assets – Cash Basis	10
Statement of Activities – Cash Basis.....	11
Fund Financial Statements:	
Statement of Cash Basis Assets and Fund Balances - Governmental Funds	13
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances - Governmental Funds	14
Statement of Receipts, Disbursements and Changes in Fund Balance Budget and Actual (Budget Basis) - General Fund	15
Statement of Receipts, Disbursements and Changes in Fund Balance Budget and Actual (Budget Basis) – Street Construction Maintenance and Repair Fund	16
Statement of Receipts, Disbursements and Changes in Fund Balance Budget and Actual (Budget Basis) - Income Tax Fund	17
Statement of Receipts, Disbursements and Changes in Fund Balance Budget and Actual (Budget Basis) - Park Improvement Fund	18
Statement of Net Assets - Cash Basis - Proprietary Funds	19
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances - Proprietary Funds.....	20
Notes to the Basic Financial Statements.....	21
Independent Accountants’ Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	34

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INDEPENDENT ACCOUNTANTS' REPORT

March 26, 2012

Village of St. Henry
Mercer County
371 North Linn Street
St. Henry, OH 45883

To the Village Council:

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the **Village of St. Henry**, Mercer County, Ohio (the "Village") as of and for the year ended December 31, 2011, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis 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 respective cash financial position of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of the Village of St Henry, Mercer County, Ohio, as of December 31, 2011, and the respective changes in cash financial position thereof, and the respective budgetary comparison for the General, Street Construction Maintenance and Repair, Income Tax, and Park Improvement Funds thereof for the year then ended in conformity with the basis of accounting Note 2 describes.

As described in Note 2, during 2011 the Village of St. Henry 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 March 26, 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.

We conducted our audit to opine on the Village's financial statements taken as a whole. Management's Discussion & Analysis includes tables of net assets, changes in net assets, governmental activities and outstanding debt. These tables provide additional information, but are not part of the basic financial statements. However, these tables are management's responsibility, and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. These tables were subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. Other than the aforementioned procedures applied to the tables, we applied no procedures to any other information in Management's Discussion & Analysis, and we express no opinion or any other assurance on it.

Respectfully Submitted,

A handwritten signature in cursive script that reads "Perry & Associates CPAs A.C.".

Perry and Associates
Certified Public Accountants, A.C.

VILLAGE OF ST. HENRY
MERCER COUNTY
Management's Discussion and Analysis
For the Year Ended December 31, 2011
Unaudited

This discussion and analysis of the Village's financial performance provides an overall review of the Village's financial activities for the year ended December 31, 2011, within the limitations of the Village's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Village's financial performance.

Highlights

Key highlights for 2011 are as follows:

Net assets of governmental activities decreased \$11,133, or 1.5 percent, a slight change from the prior year. The fund most affected by the decrease in cash and cash equivalents was the Income Tax Fund, which realized the greatest burden of increased costs in 2011; however, cost increases affected most funds.

The Village's general receipts are primarily property taxes and income taxes. These receipts represent respectively 11 and 76 percent of general receipts. Property tax receipts for 2011 changed very little compared to 2010.

The water and sewer operations, the Village's business-type activities, increased net assets by 4 percent.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Village's cash basis of accounting.

Report Components

The Statement of Net Assets and the Statement of Activities provide information about the cash activities of the Village as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Village as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Village has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Village's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

VILLAGE OF ST. HENRY
MERCER COUNTY
Management's Discussion and Analysis
For the Year Ended December 31, 2011
Unaudited

Reporting the Village as a Whole

The Statement of Net Assets and the Statement of Activities reflect how the Village did financially during 2011, within the limitations of cash basis accounting. The Statement of Net Assets presents the cash balances and investments of the governmental activities and business type activities of the Village at year-end. The statement of activities compares cash disbursements with program receipts for each governmental program and business-type activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function or business-type activity draws from the Village's general receipts.

These statements report the Village's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the Village's financial health. Over time, increases or decreases in the Village's cash position is one indicator of whether the Village's financial health is improving or deteriorating. When evaluating the Village's financial condition, you should also consider other non-financial factors as well such as the Village's property tax base, the condition of the Village's capital assets and infrastructure, the extent of the Village's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property and income taxes.

In the Statement of Net Assets and the Statement of Activities, the Village has two types of activity:

Governmental Activities - Most of the Village's basic services are reported here, including general government, fire, streets, and parks. State and federal grants, income and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Business-type Activities - The Village has two business-type activities, the provisions of water and sewer. Business-type activities are financed by a fee charged to the customers receiving the service.

Reporting the Village's Most Significant Funds

Fund financial statements provide detailed information about the Village's major funds – not the Village as a whole. The Village establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Government are split into three categories: governmental, proprietary and fiduciary.

Governmental Funds - Most of the Village's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Village's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Village's programs. The Village's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Village's major governmental funds are the General Fund, SCMR, Income Tax and Park Improvement Funds. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements. We describe this relationship in reconciliations presented with the governmental fund financial statements.

The Village's budgetary process accounts for certain transactions on a cash basis. The budgetary statements for the General Fund, SCMR, Income Tax and Park Improvement Funds are presented to demonstrate the Village's compliance with annually adopted budgets.

VILLAGE OF ST. HENRY
MERCER COUNTY
Management's Discussion and Analysis
For the Year Ended December 31, 2011
Unaudited

Proprietary Funds - The Village maintains one type of proprietary fund. Enterprise funds use the same basis of accounting (cash basis) as governmental fund activities; therefore, these statements will essentially match the information provided in statements for the Village as a whole. The Village uses enterprise funds to account for its water and sewer operations. The enterprise fund statements can be found on pages 18 - 19 of this report.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the Village. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Village's own programs. The Village does not currently have any fiduciary funds.

The Village as a Whole

Table 1 provides a summary of the Village's net assets for 2011 compared to 2010 on a cash basis:

(Table 1)
Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Assets						
Equity in Pooled Cash and Cash Equivalents	\$ 740,921	\$ 752,054	\$326,321	\$312,681	\$1,067,242	\$1,064,735
Total Assets	<u>\$ 740,921</u>	<u>\$ 752,054</u>	<u>\$326,321</u>	<u>\$312,681</u>	<u>\$1,067,242</u>	<u>\$1,064,735</u>
Net Assets						
Restricted for:						
Capital Projects	10,438	7,069	-	-	10,438	7,069
Other Purposes	679,345	687,175	-	-	679,345	687,175
Unrestricted	51,138	57,810	326,321	312,681	377,459	370,491
Total Net Assets	<u>\$ 740,921</u>	<u>\$ 752,054</u>	<u>\$326,321</u>	<u>\$312,681</u>	<u>\$1,067,242</u>	<u>\$1,064,735</u>

The total net cash assets of the Village increased \$2,507. Net cash assets of governmental activities decreased \$11,133, which represents a 1.5 percent decrease over fiscal year 2010. Net cash assets of business-type activities increased \$13,640 or 4 percent from fiscal year 2010.

The balance of governmental activities unrestricted net cash assets of \$51,138 may be used to meet the government's ongoing obligations to citizens and creditors.

The overall economy of the state was flat in 2011, so we were selective on projects that were completed in 2011.

VILLAGE OF ST. HENRY
MERCER COUNTY
Management's Discussion and Analysis
For the Year Ended December 31, 2011
Unaudited

Table 2 reflects the changes in net assets on a cash basis in 2011 and 2010 for governmental activities and total primary government.

(Table 2)
Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2011	2010	2011	2010	2011	2010
Receipts:						
Program Receipts:						
Charges for Services and Sales	\$ 37,878	\$ 38,495	\$ 775,561	\$870,998	813,439	909,493
Operating Grants and Contributions	125,384	133,521	-	-	125,384	133,521
Capital Grants and Contributions			102,756	100,353	102,756	100,353
Total Program Receipts	<u>163,262</u>	<u>172,016</u>	<u>878,317</u>	<u>971,351</u>	<u>1,041,579</u>	<u>1,143,367</u>
General Receipts:						
Property Taxes	109,766	109,264	-	-	109,766	109,264
Income Taxes	732,580	711,661	-	-	732,580	711,661
License, Fines and Permits	24,774	22,342	-	-	24,774	22,342
Sale of Fixed Assets	500	19,816	-	-	500	19,816
Grants and Entitlements Not Restricted to Specific Programs	86,720	321,956	-	-	86,720	321,956
Interest	12,475	13,286	-	-	12,475	13,286
Total General Receipts	<u>966,815</u>	<u>1,198,325</u>	<u>-</u>	<u>-</u>	<u>966,815</u>	<u>1,198,325</u>
Total Receipts	<u>1,130,077</u>	<u>1,370,341</u>	<u>878,317</u>	<u>971,351</u>	<u>2,008,394</u>	<u>2,341,692</u>
Disbursements:						
Security of Persons and Property	195,841	189,938	-	-	195,841	189,938
Basic Utility Services	70,767	31,000	-	-	-	-
Public Health Services	13,515	13,200	-	-	13,515	13,200
Leisure Time Activities	79,603	81,766	-	-	79,603	81,766
Transportation	141,257	180,586	-	-	141,257	180,586
General Government	314,474	319,254	-	-	314,474	319,254
Debt Service	56,480	56,479	-	-	56,480	56,479
Capital Outlay	269,273	375,581	-	-	269,273	375,581
Water	-	-	416,238	470,004	416,238	470,004
Sewer	-	-	448,439	593,662	448,439	593,662
Total Disbursements	<u>1,141,210</u>	<u>1,247,804</u>	<u>864,677</u>	<u>1,063,666</u>	<u>1,935,120</u>	<u>2,280,470</u>
Increase (Decrease) in Net Assets	(11,133)	122,537	13,640	(92,315)	73,274	61,222
Net Assets, January 1	752,054	629,517	312,681	404,996	1,064,735	1,034,513
Net Assets, December 31	<u>\$ 740,921</u>	<u>\$ 752,054</u>	<u>\$ 326,321</u>	<u>\$ 312,681</u>	<u>\$ 1,138,009</u>	<u>\$ 1,095,735</u>

Program receipts represent only 14 percent of total receipts and are primarily comprised of operating and capital grants and contributions. General receipts represent 86 percent of the Village's total receipts comprised mainly of income taxes. State and federal grants and entitlements make up the balance of the Village's general receipts. Other receipts are very insignificant and somewhat unpredictable revenue sources.

VILLAGE OF ST. HENRY
MERCER COUNTY
Management's Discussion and Analysis
For the Year Ended December 31, 2011
Unaudited

General government represents activities related to the governing body as well as activities that directly support Village programs. In 2011, general government cash disbursements totaled \$314,474, or 28 percent of total governmental cash disbursements. General government service programs are primarily supported by general revenues. The Village program, capital outlay, accounted for \$269,273 or 24 percent of total governmental cash disbursements. Capital outlay service programs are primarily supported by general revenues.

The Village program, leisure time activities, accounted for \$79,603 or 7 percent of total governmental cash disbursements. Leisure time activities service programs are primarily supported by charges for services and operating grants and contributions.

Governmental Activities

If you look at the Statement of Activities you will see that the first column lists the major services provided by the Village. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for Capital Outlay which account for \$269,273 or 24 percent of all governmental disbursements. General Government also represents a significant cost, about 28 percent of the total governmental disbursements. The next three columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Government that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)

	Governmental Activities			
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2011	2011	2010	2010
Security of Persons and Property	\$ 195,841	\$ (195,841)	\$ 189,938	\$ (189,938)
Public Health Services	13,515	\$ (13,515)	13,200	\$ (13,200)
Leisure Time Activities	79,603	\$ 54,390	81,766	\$ (57,047)
Basic Utility Service	70,767	\$ (7,595)	31,000	\$ (22,820)
Transportation	141,257	\$ (15,874)	180,586	\$ (47,065)
General Government	314,474	\$ (309,643)	319,254	\$ (313,908)
Capital Outlay	269,273	\$ (269,273)	375,581	\$ (375,581)
Debt Services:				
Principal	50,181	\$ (50,181)	48,410	\$ (48,410)
Interest	6,299	\$ (6,299)	8,069	\$ (8,069)
Total Expenses	<u>\$ 1,141,210</u>	<u>\$ (813,831)</u>	<u>\$ 1,247,804</u>	<u>\$ (1,076,038)</u>

The dependence upon general cash receipts for governmental activities is apparent; with 79 percent of cash disbursements supported through taxes and other general cash receipts during 2011.

Business-Type Activities

The Water and Sewer funds are the Village's two major enterprise funds. These programs had cash receipts of \$878,317 and cash disbursements of \$864,677 for fiscal year 2011. The net cash assets of the programs increased \$13,640 from 2010.

VILLAGE OF ST. HENRY
MERCER COUNTY
Management's Discussion and Analysis
For the Year Ended December 31, 2011
Unaudited

The Village's Funds

Total governmental funds for 2011 had receipts of \$1,129,577 and disbursements of \$1,141,210.

General Fund receipts were \$57,172 less than disbursements indicating that the General Fund is in a slight deficit spending situation. It was the recommendation of the finance committee and the administration that a reduction of disbursements was preferable to requesting additional funds from the taxpayers.

The Income Tax Fund, a Village major fund, had cash receipts and other financing sources of \$732,579 in 2011. The Income Tax Fund had cash disbursements and other financing uses of \$822,778 in 2011. The Income Tax Fund cash balance decreased \$90,199 from 2010 to 2011.

The Park Improvement fund, a Village major fund, had cash receipts and other financing sources of \$50,000 in 2011. The Park Improvement Fund had cash disbursements and other financing uses of \$0 in 2011. The Park Improvement Fund cash balance increased \$50,000 from 2010 to 2011.

General Fund Budgeting Highlights

The Village's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

The difference between the General Fund final budgeted receipts and the actual receipts was not significant.

For the General Fund, actual cash receipts and other financing sources of \$277,971 were less than final and original budget estimates by \$25,221. The original and final budgetary basis disbursements were \$284,643.

Capital Assets and Debt Administration

Capital Assets

The Village does not record capital assets in the accompanying cash basis financial statements, but records payments for capital assets as disbursements. The Village had capital outlay disbursements of \$269,273 during fiscal year 2011.

Debt

The Village had the following long-term obligations outstanding at December 31, 2009:

(Table 4)

Outstanding Debt

	Governmental Type Activities		Business Type Activities	
	2011	2010	2011	2010
1994 OPWC Loan	-	-	10,816	16,223
1993 OPWC Loan	-	-	27,125	34,875
2006 Bank Note	-	-	288,869	337,030
2006 OPWC Loan	-	-	163,446	173,991
2009 Business Park Loan	134,770	184,951		
Total Long-Term Obligations	\$ 134,770	\$ 184,951	\$ 490,256	\$ 562,119

VILLAGE OF ST. HENRY
MERCER COUNTY
Management's Discussion and Analysis
For the Year Ended December 31, 2011
Unaudited

Current Issues

The financial picture for the Village of St. Henry looks to remain steady. We have completed a major project with our utility funds that have depleted fund balances. The focus will be to continue to maintain the systems we have in place and to start saving for future needs.

The income tax collections should also remain strong with the possibility of new businesses looking to locate here.

General Fund revenues from the State and County are expected to decline due to the economy.

Contacting the Village's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Village's finances and to reflect the Village's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Ruth Miller, Fiscal Officer, Village of St. Henry, PO Box 410, 371 North Linn Street, St. Henry, Ohio 45883.

VILLAGE OF ST. HENRY - MERCER COUNTY

Statement of Net Assets - Cash Basis

As of December 31, 2011

	<u>Governmental Activities</u>	<u>Business - Type Activities</u>	<u>Total</u>
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 740,922	\$ 326,321	\$ 1,067,243
<i>Total Assets</i>	<u>740,922</u>	<u>326,321</u>	<u>1,067,243</u>
Net Assets			
Restricted for:			
Capital Projects	10,438	-	10,438
Other Purposes	679,345	-	679,345
Unrestricted	<u>51,138</u>	<u>326,321</u>	<u>377,459</u>
<i>Total Net Assets</i>	<u>\$ 740,921</u>	<u>\$ 326,321</u>	<u>\$ 1,067,242</u>

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

VILLAGE OF ST. HENRY - MERCER COUNTY
Statement of Activities - Cash Basis
For the Year Ended December 31, 2011

	Program Cash Receipts			
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
Governmental Activities				
Security of Person and Property	\$ 195,841	\$ -	\$ -	\$ -
Basic Utility Services	70,767	7,595	-	-
Public Health Services	13,515	-	-	-
Leisure Time Activities	79,603	25,212	-	-
Community Environment	-	240	-	-
Transportation	141,257	-	125,384	-
General Government	314,474	4,831	-	-
Capital Outlay	269,273	-	-	-
Debt Service:				
Principal	50,181	-	-	-
Interest	6,299	-	-	-
<i>Total Governmental Activities</i>	<u>1,141,210</u>	<u>37,878</u>	<u>125,384</u>	<u>-</u>
Business-Type Activities				
Water	416,238	344,400	-	45,514
Sewer	448,439	431,161	-	57,242
<i>Total Business - Type Activities</i>	<u>864,677</u>	<u>775,561</u>	<u>-</u>	<u>102,756</u>
Totals	<u>\$ 2,005,887</u>	<u>\$ 813,439</u>	<u>\$ 125,384</u>	<u>\$ 102,756</u>

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

VILLAGE OF ST. HENRY - MERCER COUNTY

*Statement of Activities - Cash Basis
For the Year Ended December 31, 2011
Continued*

	Net (Disbursements) Receipts and Changes in Net Assets		
	Governmental Activities	Business - Type Activities	Total
Governmental Activities			
Security of Person and Property	\$ (195,841)	\$ -	\$ (195,841)
Basic Utility Services	(63,172)	-	(63,172)
Public Health Services	(13,515)	-	(13,515)
Leisure Time Activities	(54,391)	-	(54,391)
Community Environment	240	-	240
Transportation	(15,873)	-	(15,873)
General Government	(309,643)	-	(309,643)
Capital Outlay	(269,273)	-	(269,273)
Debt Service:			
Principal	(50,181)	-	(50,181)
Interest	(6,299)	-	(6,299)
<i>Total Governmental Activities</i>	<u>(977,948)</u>	<u>-</u>	<u>(977,948)</u>
Business-Type Activities			
Water	-	(26,324)	(26,324)
Sewer	-	39,964	39,964
<i>Total Business - Type Activities</i>	<u>-</u>	<u>13,640</u>	<u>13,640</u>
Totals	<u>\$ (977,948)</u>	<u>\$ 13,640</u>	<u>\$ (964,308)</u>
General Receipts			
Property Taxes and Other Local Taxes	109,766	-	109,766
Income Taxes	732,580	-	732,580
Licenses, Fines and Permits	24,774	-	24,774
Sale of Fixed Asset	500	-	500
Grants and Entitlements not Restricted to Specific Programs	86,720	-	86,720
Earnings on Investments	12,475	-	12,475
<i>Total General Receipts</i>	<u>966,815</u>	<u>-</u>	<u>966,815</u>
Change in Net Assets	<u>(11,133)</u>	<u>13,640</u>	<u>2,507</u>
<i>Net Assets Beginning of Year</i>	<u>752,054</u>	<u>312,681</u>	<u>1,064,735</u>
<i>Net Assets End of Year</i>	<u>\$ 740,921</u>	<u>\$ 326,321</u>	<u>\$ 1,067,242</u>

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

VILLAGE OF ST. HENRY - MERCER COUNTY
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
As of December 31, 2011

	<u>General</u>	<u>Street Construction Maintenance and Repair</u>	<u>Income Tax</u>	<u>Park Improvement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets						
Equity in Pooled Cash and Cash Equivalents	\$ 51,138	\$ 92,346	\$ 172,020	\$ 331,578	\$ 93,839	\$ 740,921
<i>Total Assets</i>	<u>51,138</u>	<u>92,346</u>	<u>172,020</u>	<u>331,578</u>	<u>93,839</u>	<u>740,921</u>
Fund Balances						
Restricted	-	92,346	-	-	38,131	130,477
Committed	-	-	172,020	331,578	55,708	559,306
Unassigned	51,138	-	-	-	-	51,138
<i>Total Fund Balances</i>	<u>\$ 51,138</u>	<u>\$ 92,346</u>	<u>\$ 172,020</u>	<u>\$ 331,578</u>	<u>\$ 93,839</u>	<u>\$ 740,921</u>

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

VILLAGE OF ST. HENRY - MERCER COUNTY
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2011

	General	Street Construction Maintenance and Repair	Income Tax	Park Improvement	Other Governmental Funds	Total Governmental Funds
Receipts						
Property and Other Local Taxes	\$ 89,932	\$ -	\$ -	\$ -	\$ 6,776	\$ 96,708
Municipal Income Taxes	-	-	732,579	-	-	732,579
Charges for Services	-	-	-	-	32,810	32,810
Fines, Licenses and Permits	26,362	-	-	-	-	26,362
Intergovernmental	99,778	116,388	-	-	8,997	225,163
Special Assessments	-	-	-	-	3,480	3,480
Earnings on Investments	11,399	899	-	-	177	12,475
<i>Total Receipts</i>	<u>227,471</u>	<u>117,287</u>	<u>732,579</u>	<u>-</u>	<u>52,240</u>	<u>1,129,577</u>
Disbursements						
Current:						
General Government	13,731	-	300,631	-	112	314,474
Security of Persons and Property	195,766	-	-	-	75	195,841
Public Health Services	13,515	-	-	-	-	13,515
Leisure Time Activities	-	-	-	-	79,603	79,603
Basic Utility Services	-	-	70,767	-	-	70,767
Transportation	37,258	102,687	-	-	1,312	141,257
Capital Outlay	24,373	-	244,900	-	-	269,273
Debt Service:						
Principal Retirement	-	-	50,181	-	-	50,181
Interest and Fiscal Charges	-	-	6,299	-	-	6,299
<i>Total Disbursements</i>	<u>284,643</u>	<u>102,687</u>	<u>672,778</u>	<u>-</u>	<u>81,102</u>	<u>1,141,210</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(57,172)	14,600	59,801	-	(28,862)	(11,633)
Other Financing Sources (Uses)						
Sale of Fixed Asset	500	-	-	-	-	500
Transfers In	50,000	-	-	50,000	50,000	150,000
Transfers Out	-	-	(150,000)	-	-	(150,000)
<i>Total Other Financing Sources (Uses)</i>	<u>50,500</u>	<u>-</u>	<u>(150,000)</u>	<u>50,000</u>	<u>50,000</u>	<u>500</u>
<i>Net Change in Fund Balances</i>	(6,672)	14,600	(90,199)	50,000	21,138	(11,133)
<i>Fund Balances Beginning of Year</i>	<u>57,810</u>	<u>77,746</u>	<u>262,219</u>	<u>281,578</u>	<u>72,701</u>	<u>752,054</u>
<i>Fund Balances End of Year</i>	<u>\$ 51,138</u>	<u>\$ 92,346</u>	<u>\$ 172,020</u>	<u>\$ 331,578</u>	<u>\$ 93,839</u>	<u>\$ 740,921</u>

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

VILLAGE OF ST. HENRY - MERCER COUNTY
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Year Ended December 31, 2011

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Property and Other Local Taxes	\$ 95,100	\$ 95,100	\$ 89,932	\$ (5,168)
Fines, Licenses and Permits	19,550	19,550	26,362	6,812
Intergovernmental	98,100	98,100	99,778	1,678
Interest	10,000	10,000	11,399	1,399
<i>Total receipts</i>	<u>222,750</u>	<u>222,750</u>	<u>227,471</u>	<u>4,721</u>
Disbursements				
Current:				
General Government	28,500	28,500	13,731	14,769
Security of Persons and Property	214,700	214,700	195,766	18,934
Public Health Services	14,000	14,000	13,515	485
Transportation	63,750	63,750	37,258	26,492
Capital Outlay	30,000	30,000	24,373	5,627
<i>Total Disbursements</i>	<u>350,950</u>	<u>350,950</u>	<u>284,643</u>	<u>66,307</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(128,200)</u>	<u>(128,200)</u>	<u>(57,172)</u>	<u>71,028</u>
Other Financing Sources (Uses)				
Sale of Fixed Assets	-	-	500	500
Transfers In	71,000	71,000	50,000	(21,000)
<i>Total Other Financing Sources (Uses)</i>	<u>71,000</u>	<u>71,000</u>	<u>50,500</u>	<u>(20,500)</u>
<i>Net Change in Fund Balance</i>	(57,200)	(57,200)	(6,672)	50,528
<i>Fund Balance Beginning of Year</i>	<u>57,810</u>	<u>57,810</u>	<u>57,810</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 610</u>	<u>\$ 610</u>	<u>\$ 51,138</u>	<u>\$ 50,528</u>

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

VILLAGE OF ST. HENRY - MERCER COUNTY
*Statement of Receipts, Disbursements and Changes
 In Fund Balance - Budget and Actual (Budget Basis)
 Street Construction Maintenance and Repair Fund
 For the Year Ended December 31, 2011*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Intergovernmental	\$ 100,000	\$ 100,000	\$ 116,388	\$ 16,388
Interest	600	600	899	299
<i>Total receipts</i>	<u>100,600</u>	<u>100,600</u>	<u>117,287</u>	<u>16,687</u>
Disbursements				
Current:				
Transportation	<u>187,050</u>	<u>187,050</u>	<u>102,687</u>	<u>84,363</u>
<i>Total Disbursements</i>	<u>187,050</u>	<u>187,050</u>	<u>102,687</u>	<u>84,363</u>
<i>Net Change in Fund Balance</i>	(86,450)	(86,450)	14,600	101,050
<i>Fund Balance Beginning of Year</i>	<u>77,746</u>	<u>77,746</u>	<u>77,746</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u><u>\$ (8,704)</u></u>	<u><u>\$ (8,704)</u></u>	<u><u>\$ 92,346</u></u>	<u><u>\$ 101,050</u></u>

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

VILLAGE OF ST. HENRY - MERCER COUNTY
*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual (Budget Basis)
Income Tax Fund
For the Year Ended December 31, 2011*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Receipts				
Municipal Income Taxes	\$ 721,000	\$ 721,000	\$ 732,579	\$ 11,579
<i>Total receipts</i>	<u>721,000</u>	<u>721,000</u>	<u>732,579</u>	<u>11,579</u>
Disbursements				
Current:				
General Government	348,050	340,850	300,631	40,219
Basic Utility Services	82,000	82,000	70,767	11,233
Capital Outlay	323,000	323,000	244,900	78,100
Debt Service:				
Principal Retirement	52,000	72,000	50,181	21,819
Interest and Fiscal Charges	7,000	7,000	6,299	701
<i>Total Disbursements</i>	<u>812,050</u>	<u>824,850</u>	<u>672,778</u>	<u>152,072</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(91,050)</u>	<u>(103,850)</u>	<u>59,801</u>	<u>163,651</u>
Other Financing Sources (Uses)				
Transfers Out	(171,000)	(171,000)	(150,000)	21,000
<i>Total Other Financing Sources (Uses)</i>	<u>(171,000)</u>	<u>(171,000)</u>	<u>(150,000)</u>	<u>21,000</u>
<i>Net Change in Fund Balance</i>	(262,050)	(274,850)	(90,199)	184,651
<i>Fund Balance Beginning of Year</i>	<u>262,219</u>	<u>262,219</u>	<u>262,219</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 169</u>	<u>\$ (12,631)</u>	<u>\$ 172,020</u>	<u>\$ 184,651</u>

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

VILLAGE OF ST. HENRY - MERCER COUNTY
*Statement of Receipts, Disbursements and Changes
 In Fund Balance - Budget and Actual (Budget Basis)
 Park Improvement Fund
 For the Year Ended December 31, 2011*

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Other Financing Sources (Uses)				
Transfers In	\$ 50,000	\$ 50,000	\$ 50,000	-
<i>Total Other Financing Sources (Uses)</i>	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	-
<i>Net Change in Fund Balance</i>	50,000	50,000	50,000	-
<i>Fund Balance Beginning of Year</i>	<u>281,578</u>	<u>281,578</u>	<u>281,578</u>	-
<i>Fund Balance End of Year</i>	<u><u>\$ 331,578</u></u>	<u><u>\$ 331,578</u></u>	<u><u>\$ 331,578</u></u>	<u><u>\$ -</u></u>

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

VILLAGE OF ST. HENRY - MERCER COUNTY

Statement of Net Assets - Cash Basis

Proprietary Funds

As of December 31, 2011

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 213,865	\$ 112,456	\$ 326,321
<i>Total Assets</i>	<u>213,865</u>	<u>112,456</u>	<u>326,321</u>
Net Assets			
Unrestricted	<u>213,865</u>	<u>112,456</u>	<u>326,321</u>
<i>Total Net Assets</i>	<u>\$ 213,865</u>	<u>\$ 112,456</u>	<u>\$ 326,321</u>

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

VILLAGE OF ST. HENRY - MERCER COUNTY
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Proprietary Funds
For the Year Ended December 31, 2011

	Water	Sewer	Total
Operating Receipts			
Charges for Services	\$ 344,400	\$ 430,911	\$ 775,311
Other Operating Receipts	-	250	250
<i>Total Operating Receipts</i>	<u>344,400</u>	<u>431,161</u>	<u>775,561</u>
Operating Disbursements			
Personal Services	134,347	133,910	268,257
Employee Fringe Benefits	21,060	20,017	41,077
Contractual Services	143,796	138,090	281,886
Supplies and Materials	88,633	69,777	158,410
Other	15,245	14,784	30,029
<i>Total Operating Disbursements</i>	<u>403,081</u>	<u>376,578</u>	<u>779,659</u>
<i>Operating Income (Loss)</i>	<u>(58,681)</u>	<u>54,583</u>	<u>(4,098)</u>
Non-Operating Receipts (Disbursements)			
Special Assessments	45,514	57,242	102,756
Principal Payments	(13,157)	(58,707)	(71,864)
Interest and Fiscal Charges	-	(13,154)	(13,154)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>32,357</u>	<u>(14,619)</u>	<u>17,738</u>
<i>Net Change in Net Assets</i>	(26,324)	39,964	13,640
<i>Net Assets Beginning of Year</i>	<u>240,189</u>	<u>72,492</u>	<u>312,681</u>
<i>Net Assets End of Year</i>	<u>\$ 213,865</u>	<u>\$ 112,456</u>	<u>\$ 326,321</u>

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

VILLAGE OF ST. HENRY
MERCER COUNTY
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

Note 1 – Reporting 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 construction, maintenance and repair, park operations, police services, Mayor’s Court, as well as other general government services.

Management believes the financial statements included in this report represent all of the funds of the Village over which the Village officials are financially accountable.

Note 2 – Summary of Significant Accounting Policies

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The Village does not apply FASB statements issued after November 30, 1989, to its business-type activities and to its enterprise funds. Following are the more significant of the Village’s accounting policies.

A. Basis of Presentation

Government-Wide Financial Statements

The Statement of Net Assets and the Statement of Activities display information about the Village as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid “doubling up” receipts and disbursements. The statements distinguish between those activities of the Village that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other non exchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The Statement of Net Assets presents the cash and investment balances of the governmental and business-type activities of the Village at year end. The Statement of Activities compares disbursements with program receipts for each of the Village’s governmental and business-type activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Village is responsible. Program receipts include charges paid by the recipient of the program’s goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function or business-type activity is self-financing on a cash basis or draws from the Village’s general receipts.

VILLAGE OF ST. HENRY
MERCER COUNTY
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

Note 2 – Summary of Significant Accounting Policies (Continued)

A. Basis of Presentation (Continued)

Fund Financial Statements

During the year, the Village segregates transactions related to certain Village functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Village at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Non major funds are aggregated and presented in a single column. The internal service funds are presented in a single column on the face of the proprietary fund statements. Fiduciary funds are reported by type.

Proprietary fund statements distinguish operating transactions from non operating transactions. Operating receipts generally result from exchange transactions such as charges for services directly relating to the funds' principal services. Operating disbursements include costs of sales and services and administrative costs. The proprietary fund statements report all other receipts and disbursements as non operating.

B. Fund Accounting

The Village uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. The funds of the Village are divided into three categories, governmental, proprietary and fiduciary.

Governmental Funds

The Village classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other non exchange transactions as governmental funds. The following are the Village's major governmental funds:

General Fund - This fund is used to account for all financial resources of the Village except those required to be accounted for 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.

Street Construction Maintenance and Repair Fund - This fund accounts for all transactions relating to the administration of the Village's street and highway repair.

Income Tax Fund - This fund accounts for all transactions relating to the administration of the Village's municipal income tax.

Park Improvement Fund - This fund accounts for all transactions relating to the possible future development of a Village swimming pool.

The other governmental funds of the Village account for grants and other resources whose use is restricted to a particular purpose.

Proprietary Funds

The Village classifies funds financed primarily from user charges for goods or services as proprietary. Proprietary funds are classified as either enterprise or internal service.

Enterprise Funds - Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The Village's major enterprise funds are the water and sewer funds.

Water Fund - This fund accounts for the provision of water treatment and distribution to its residential and commercial users located within the Village.

VILLAGE OF ST. HENRY
MERCER COUNTY
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

Note 2 – Summary of Significant Accounting Policies (Continued)

B. Fund Accounting (Continued)

Sewer Fund - This fund accounts for the user charges and expenses of maintaining the sewer lines and facilities of the Village.

Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Village's only fiduciary fund is an agency fund which accounts for the Village's Mayor's Court, which had no cash balance at December 31, 2011.

C. Basis of Accounting

The Village chooses to prepare its financial statements and notes on the basis of cash receipts and disbursements. The cash receipts and disbursements basis of accounting is a comprehensive basis of accounting other than GAAP. 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, in accordance with the basis of accounting described in the preceding paragraph.

D. 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 estimate 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, except agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary control is at the item level within each department 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.

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 determined that receipts collected will be greater than or less than the prior estimate, and the Budget Commission find the revised estimate 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. The amounts reported within the budgetary statements reflect the original and final estimated resources as certified by the County Budget Commission.

VILLAGE OF ST. HENRY
MERCER COUNTY
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

Note 2 – Summary of Significant Accounting Policies (Continued)

D. Budgetary Process (continued)

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. The budgetary statement reflects the original and final appropriations as approved by Council.

Encumbrances:

As part of the 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.

E. Cash and Cash Equivalents

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the Village's records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the financial statements. Interest earnings are allocated as authorized by State statute.

F. Capital Assets

Acquisition of property, plant, and equipment purchased 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 basis of accounting used by the Village (see Note 2.A.).

H. Long-term Obligations

Bonds and other long-term obligations are not recognized as a liability in the financial statements under the cash basis of accounting. These statements report proceeds of debt when cash is received, and debt service disbursements for debt principal and interest payments.

I. Net Assets

Net assets are reported as restricted when enabling legislation or creditors, grantors or laws or regulations of other governments have imposed limitations on its use. The Village first applies restricted resources when a disbursement is incurred for purposes for which both restricted and unrestricted net assets are available.

J. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Village is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of interfund loans.

VILLAGE OF ST. HENRY
MERCER COUNTY
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

Note 2 – Summary of Significant Accounting Policies (Continued)

J. Fund Balance (continued)

Restricted Fund balance is reported as 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.

Enabling legislation authorizes the Village to assess, levy, charge, or otherwise mandate payment of resources (from external resource providers) and includes a legally enforceable requirement that those resources be used only for the specific purposes stipulated in the legislation. Legal enforceability means that the Village can be compelled by an external party—such as citizens, public interest groups, or the judiciary to use resources created by enabling legislation only for the purposes specified by the legislation.

Committed The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by formal action (ordinance or resolution) of Village Council. Those committed amounts cannot be used for any other purpose unless Village Council removes or changes the specified use by taking the same type of action (ordinance or resolution) it employed to previously commit those amounts. In contrast to fund balance that is restricted by enabling legislation, the committed fund balance classification may be redeployed for other purposes with appropriate due process. Constraints imposed on the use of committed amounts are imposed by Village Council, separate from the authorization to raise the underlying revenue; therefore, compliance with these constraints is not considered to be legally enforceable. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned Amounts in the assigned fund balance classification are intended to be used by the Village for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by Village Council or a Village official delegated that authority by ordinance, or by State Statute.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not contained 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.

K. Interfund Activity

Transfers between governmental and business-type activities on the government-wide statements are reported in the same manner as general receipts. Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchasing funds. Non exchange flows of cash from one fund to another are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after non operating receipts/disbursements in proprietary funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented on the basic financial statements.

VILLAGE OF ST. HENRY
MERCER COUNTY
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

Note 3 – Deposits and Investments

State Statutes classify monies held by the Village into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the Village treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Village has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim moneys are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

Interim monies may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool State Treasury Asset Reserve of Ohio (STAR Ohio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time: and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

Protection of Village's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Village by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

VILLAGE OF ST. HENRY
MERCER COUNTY
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

Note 3 – Deposits and Investments (Continued)

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the Village, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

A. Deposits with Financial Institutions

At December 31, 2011, the carrying amount of all Village deposits was \$1,067,242. Based on the criteria described in GASB Statement No. 40, “Deposits and Investment Risk Disclosures”, as of December 31, 2010, \$817,242 of the Village’s bank balance of \$1,067,242 was exposed to custodial risk as discussed below, while \$250,000 was covered by Federal Deposit Insurance Corporation.

Custodial credit risk is the risk that, in the event of bank failure, the Village’s deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the Village.

B. Reconciliation of Cash to the Statement of Net Assets

The following is a reconciliation of cash as reported in the footnote above to cash as reported on the statement of net assets as of December 31, 2011:

<u>Cash per footnote</u>	
Carrying amount of deposits	<u>\$ 1,067,242</u>
<u>Cash per Statement of Net Assets</u>	
Governmental activities	740,921
Business type activities	<u>326,321</u>
Total	<u>\$ 1,067,242</u>

The Village had no investments at December 31, 2011.

Note 4 – Debt Obligations

At December 31, 2011, debt obligations for governmental type activities consisted of the following issuances:

<u>Description</u>	<u>Amount Outstanding</u>
2009 Bank note for \$256,950, for the purchase of land for an industrial park, due in semi annual payments of \$28,240 bearing interest of 3.65% through February 9, 2014.	<u>\$ 134,770</u>
Balance at December 31, 2011	<u>\$ 134,770</u>

VILLAGE OF ST. HENRY
MERCER COUNTY
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

Note 4 – Debt Obligations (Continued)

At December 31, 2011, debt obligations for business type activities consisted of the following issuances:

<u>Description</u>	<u>Amount Outstanding</u>
1994 Ohio Public Works Commission (OPWC) Main Street Water Line Loan, due in semiannual payments of \$2,703 through 2013, interest free.	\$ 10,816
1995 Ohio Public Works Commission (OPWC) Water Treatment Plant Expansion Loan, due in semiannual payments of \$3,875 through 2015, interest free.	27,125
2006 Bank note, for the lagoon project payable in semi-annual payments of \$30,658 bearing 4.305% interest through June 27, 2017.	288,869
2006 Ohio Public Works Commission (OPWC) Water Treatment Plant Expansion Loan, due in semi-annual payments of \$5,273 bearing 0% interest through 2027.	<u>163,446</u>
Balance at December 31, 2011	<u>\$ 490,256</u>

Transactions for the year ended December 31, 2011, are summarized as follows:

	Balance 12/31/2010	Proceeds	Payments	Balance 12/31/2011	Amount due in one year
Governmental:					
2009 Business Park Loan	\$ 184,951	\$ -	\$ 50,181	\$ 134,770	\$ 52,259
Business Type:					
1994 OPWC Loan	\$ 16,223	\$ -	\$ 5,407	\$ 10,816	\$ 5,407
1995 OPWC Loan	34,875	-	7,750	27,125	7,750
2006 Bank Note	337,030	-	48,161	288,869	50,115
2006 OPWC	173,991	-	10,545	163,446	10,546
Total	<u>\$ 562,119</u>	<u>\$ -</u>	<u>\$ 71,863</u>	<u>\$ 490,256</u>	<u>\$ 73,818</u>

The principal requirements to retire the debt obligations at December 31, 2011, are as follows:

Year Ending December 31,	1994	1995	2006	2006		2009		Totals	
	OPWC Loan Principal	OPWC Loan Principal	OPWC Loan Principal	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$ 5,407	\$ 7,750	\$ 10,546	\$ 50,115	\$ 11,201	\$ 52,259	\$ 4,221	\$ 126,077	\$ 15,422
2013	5,409	7,750	10,546	51,714	9,602	54,184	2,296	129,603	11,898
2014	-	7,750	10,546	53,829	7,887	28,327	337	100,452	8,224
2015	-	3,875	10,546	55,921	5,395	-	-	70,342	5,395
2016	-	-	10,546	58,314	3,002	-	-	68,860	3,002
2017-2021	-	-	52,720	18,976	768	-	-	71,696	768
2022-2026	-	-	52,720	-	-	-	-	52,720	-
2027	-	-	5,276	-	-	-	-	5,276	-
Total	<u>\$ 10,816</u>	<u>\$ 27,125</u>	<u>\$ 163,446</u>	<u>\$ 288,869</u>	<u>\$ 37,855</u>	<u>\$ 134,770</u>	<u>\$ 6,854</u>	<u>\$ 625,026</u>	<u>\$ 44,709</u>

VILLAGE OF ST. HENRY
MERCER COUNTY
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

Note 5 – Property Taxes

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

Public utilities are also taxed on personal and real property located within the Village.

Tangible personal property tax revenues received in 2011 (other than public utility property) represent the collection of 2010 taxes. Tangible personal property taxes received in 2011 were levied after October 1, 2010, on the true value as of December 31, 2010. In prior years, tangible personal property assessments were twenty-five percent of true value for capital assets and twenty-three percent of true value for inventory. Tangible personal property tax is being phased out - the assessment percentage for property, including inventory, was zero for 2010. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business and railroad property will be eliminated by calendar year 2009, and the tax on telephone and telecommunications property will be eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces the revenue lost by the Village due to the phasing out of the tax. In calendar years 2006-2010, the Village will be fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Village. The assessed values of real and tangible personal property upon which 2010 property tax receipts was \$44,691,420.

Note 6 – Local Income Tax

This locally levied tax of 1.0% 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. The Village collected \$732,579 in 2011 in income tax receipts which are receipted directly into the Income Tax Special Revenue Fund and transferred to various funds for operations.

Note 7 – Defined Benefit Pension Plan

A. Ohio Public Employees Retirement System

The Village participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20% per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member-directed plan.

VILLAGE OF ST. HENRY
MERCER COUNTY
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

Note 7 – Defined Benefit Pension Plan (Continued)

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member-directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 E. Town St., Columbus, OH 43215-4642 or by calling (614) 222- 5601 or (800) 222-7377.

The Village's contribution rate for 2011 was 14 percent, except for those plan members in law enforcement or public safety, for whom the Village's contribution was 17.40 percent of covered payroll. A portion of the Village's contribution equal to 7 percent of covered payroll was allocated to fund the post-employment health care plan. Employer contribution rates are actuarially determined. State statute sets a maximum contribution rate for the Village of 14 percent, except for public safety and law enforcement, where the maximum employer contribution rate is 18.1 percent.

The Village's contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2011, 2010, and 2009 were \$67,768, \$62,415, and \$61,135, respectively; 100% has been contributed for 2011, 2010, and 2009.

B. Ohio Police and Fire Pension Fund

The Village contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple employer defined benefit pension plan. OP&F provides retirement and disability benefits, annual cost of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164. Plan members are required to contribute 10.0% of their annual covered salary, while the Village is required to contribute 19.5% of covered payroll for police officers. The portion of the Village's contributions to fund pension obligations was 12.75% of covered payroll for police officers. The Village's contributions for pension obligations to OP&F for the years ended December 31, 2011, 2010, and 2009 were \$16,196, \$15,919, and \$15,269, respectively; 100% has been contributed for 2011, 2010, and 2009.

Note 8 – Postretirement Benefit Plans

A. Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in GASB Statement No. 12, "Disclosure of Information on Postemployment Benefits other than Pension Benefits by State and Local Government Employers". A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State Statute. The 2011 local government employer contribution rate was 14% of covered payroll (17.87% for public safety and law enforcement).

The retirement board is also authorized to establish rules for the payment of a portion of the health care benefits by the retiree or the retiree's surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the postemployment health care plan.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, is effective on January 1, 2007. Member and employer contribution rates increased as of January 1, 2006, January 1, 2007 and January 1, 2008, which will allow additional funds to be allocated to the health care plan.

VILLAGE OF ST. HENRY
MERCER COUNTY
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

Note 8 – Postretirement Benefit Plans (Continued)

B. Police and Firemen's Disability and Pension Fund

The Village contributes to the Ohio Police and Fire Pension Fund (OP&F) sponsored healthcare program, a cost-sharing multiple-employer defined post-employment healthcare plan administered by OP&F. OP&F provides healthcare benefits including coverage for medical, prescription drugs, dental, vision, Medicare Part B Premium reimbursement and long term care to retirees, qualifying benefit recipients and their eligible dependents. OP&F provides access to post-retirement healthcare coverage for any person who receives or is eligible to receive a monthly service, disability, or survivor benefit or is a spouse or eligible dependent child of such person.

The Ohio Revised Code allows, but does not mandate, OP&F to provide OPEB benefits. Authority for the OP&B Board of Trustees to provide healthcare coverage to eligible participants and to establish and amend benefits is codified in Chapter 742 of the Ohio Revised Code.

OP&F issues a publicly available financial report that includes financial information and required supplementary information for the Plan. That report may be obtained by writing to OP&F, 140 East Town Street, Columbus, Ohio 43215-5164.

Funding policy – OP&F's post-employment healthcare plan was established and is administered as an Internal Revenue Code 401(h) account within the defined benefit pension plan, under the authority granted by the Ohio Revised Code to the OP&F Board of Trustees. The Ohio Revised Code sets the contribution rates for participating employers and for plan members to the OP&F. Participating employers are required to contribute to the pension plan at rates expressed as percentages of the payroll of active pension plan members, currently, 19.50 percent and 24.00 percent of covered payroll for police and fire employers, respectively.

The Board of Trustees is authorized to allocate a portion of the total employer contributions made to the pension plan to the 401(h) account as the employer contribution for retiree healthcare benefits. For the year ended December 31, 2010 the employer contribution allocated to the healthcare plan was 6.75% of covered payroll. The amount of employer contributions allocated to the healthcare plan each year is subject to the trustees' primary responsibility to ensure that pension benefits are adequately funded and also is limited by the provisions of Section 401(h).

The OP&F Board of Trustees is also authorized to establish requirements for contributions to the healthcare plan by retirees and their eligible dependents, or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the OPEB Plan.

Note 9 – Risk Management

Risk Pool Membership

Prior to 2009, the Village belonged to the Ohio Government Risk Management Plan (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan was legally separate from its member governments.

On January 1, 2009, through an internal reorganization, the Plan created three separate non-profit corporations including:

- Ohio Plan Risk Management, Inc. (OPRM) - formerly known as the Ohio Risk Management Plan;
- Ohio Plan Healthcare Consortium, Inc. (OPHC) - formerly known as the Ohio Healthcare Consortium; and
- Ohio Plan, Inc. - mirrors the oversight function previously performed by the Board of Directors. The Board of Trustees consists of eleven (11) members that include appointed and elected officials from member organizations.

VILLAGE OF ST. HENRY
MERCER COUNTY
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

Note 9 – Risk Management (Continued)

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio. These coverage programs, referred to as Ohio Plan Risk management (“OPRM”), are developed specific to each member’s risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member’s exposure to loss, except OPRM retains 40% (17.5% through October 31, 2010 and 15% through October 31, 2009) of the premium and losses on the first \$250,000 casualty treaty and 10% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 761 and 725 members as of December 31, 2010 and 2009 respectively. The Village participates in this coverage.

The Plan formed the Ohio Plan Healthcare Consortium (“OPHC”), as authorized by Section 9.833 of the Ohio Revised Code. The OPHC was established to provide cost effective employee benefit programs for Ohio political sub-divisions and is a self-funded, group purchasing consortium that offers medical, dental, vision and prescription drug coverage as well as life insurance for its members. The OPHC is sold through seventeen appointed independent agents in the State of Ohio. Coverage programs are developed specific to each member’s healthcare needs and the related premiums for coverage are determined through the application of uniform underwriting criteria. Variable plan options are available to members. These plans vary primarily by deductibles, coinsurance levels, office visit co-pays and out-of pocket maximums. OPHC had 65 and 60 members as of December 31, 2010 and 2009 respectively. The Village does not participate in this coverage.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other financial obligation to the Plan, but still need to promptly notify the Plan of any potential claims occurring during their membership period. The former member’s covered claims, which occurred during their membership period, remain the responsibility of the Plan.

Settlement amounts did not exceed insurance coverage for the past three fiscal years.

The Pool’s audited financial statements 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), and include amounts for both OPRM and OPHC:

	2010	2009
Total assets	\$ 12,036	\$ 11,176
Total liabilities	\$ (4,845)	\$ (4,852)
Member’s Equity	\$ 7,191	\$ 6,324
(Dollar amounts in thousands)		

You can read the complete audited financial statements for The Ohio Government Risk Management Plan at the Plan’s website, www.ohioplan.org.

Note 10 - Interfund Transfers

During 2011 the following transfers were made:

Transfers from the Income Tax Fund to:	
General Fund	\$ 50,000
Park Improvement Fund	50,000
Other Governmental Funds	50,000
Total Transfers from the Income Tax Fund	\$ 150,000

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. All transfers were made in accordance with Ohio Revised Code Sections 5705.14 and 5705.15.

VILLAGE OF ST. HENRY
MERCER COUNTY
Notes to the Basic Financial Statements
For the Year Ended December 31, 2011

Note 17 – Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the Village is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balances	General Fund	Street Construction Maintenance and Repair	Income Tax	Park Improvement	Other Governmental Funds	Total
Restricted for						
Road Improvements	\$ -	\$ 92,346	\$ -	\$ -	\$ 37,036	\$ 129,382
<i>Total Restricted</i>	-	92,346	-	-	38,131	130,477
Committed to						
Recreation	-	-	-	331,578	45,270	376,848
Sidewalks	-	-	-	-	10,438	10,438
General Government Operations	-	-	172,020	-	-	172,020
<i>Total Committed</i>	-	-	172,020	331,578	55,708	559,306
Unassigned (deficits):	51,138					51,138
<i>Total Fund Balances</i>	<u>\$ 51,138</u>	<u>\$ 92,346</u>	<u>\$ 172,020</u>	<u>\$ 331,578</u>	<u>\$ 93,839</u>	<u>\$ 740,921</u>

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

March 26, 2012

Village of St. Henry
Mercer County
371 North Linn Street
St. Henry, OH 45883

To the Village Council:

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the **Village of St. Henry**, Mercer County, Ohio (the "Village") as of and for the year ended December 31, 2011, which collectively comprise the Village's basic financial statements and have issued our report thereon dated March 26, 2012. 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 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.

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 combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

Village of St. Henry
Mercer County
Independent Accountants' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by *Government Auditing Standards*
Page 2

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note a certain matter not requiring inclusion in this report that we reported to the Village's management in a separate letter dated March 26, 2012.

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

Respectfully Submitted,



Perry and Associates
Certified Public Accountants, A.C.



Dave Yost • Auditor of State

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
JUNE 12, 2012