



Dave Yost • Auditor of State



VILLAGE OF SAINT PARIS  
CHAMPAIGN COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report .....	1
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2015.....	3
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Proprietary and Fiduciary Fund Types - For the Year Ended December 31, 2015.....	4
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2014.....	5
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Proprietary and Fiduciary Fund Types - For the Year Ended December 31, 2014.....	6
Notes to the Financial Statements .....	7
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	17
Schedule of Findings.....	19
Summary Schedule of Prior Audit Findings .....	26

**This page intentionally left blank.**



# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Village of Saint Paris  
Champaign County  
PO Box 572  
St. Paris, Ohio 43072

To the Village Council:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Village of Saint Paris, Champaign County, (the Village) as of and for the years ended December 31, 2015 and 2014.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

### ***Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles***

As described in Note 1.B of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Village does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2015 and 2014, or changes in financial position or cash flows thereof for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances of the Village of Saint Paris, Champaign County, as of December 31, 2015 and 2014, and its combined cash receipts and disbursements for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 1B.

***Emphasis of Matter***

As described in Note 2, the Village restated the fund balances for General, Special Revenue, and Enterprise fund types as of January 1, 2014. We did not modify our opinion regarding this matter.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated August 5, 2016, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

August 5, 2016

**VILLAGE OF SAINT PARIS  
CHAMPAIGN COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<b>General</b>	<b>Special Revenue</b>	<b>Capital Projects</b>	<b>Totals (Memorandum Only)</b>
<b>Cash Receipts:</b>				
Property and Other Local Taxes	\$41,643	\$52,329		\$93,972
Municipal Income Tax	281,989			281,989
Intergovernmental	54,565	138,392	\$384,675	577,632
Special Assessments		6,361		6,361
Charges for Services	27,060	6,649		33,709
Fines, Licenses and Permits	45,356	3,069		48,425
Earnings on Investments	976	2,575		3,551
Miscellaneous	7,799	1,518		9,317
<b>Total Cash Receipts</b>	<b>459,388</b>	<b>210,893</b>	<b>384,675</b>	<b>1,054,956</b>
<b>Cash Disbursements:</b>				
<b>Current:</b>				
Security of Persons and Property	297,828			297,828
Leisure Time Activities		7,612		7,612
Community Environment		1,667		1,667
Transportation		207,612	384,675	592,287
General Government	139,925	3,140		143,065
<b>Debt Service:</b>				
Principal Retirement	6,892			6,892
Interest and Fiscal Charges	3,247			3,247
<b>Total Cash Disbursements</b>	<b>447,892</b>	<b>220,031</b>	<b>384,675</b>	<b>1,052,598</b>
<b>Net Change in Fund Cash Balances</b>	<b>11,496</b>	<b>(9,138)</b>		<b>2,358</b>
<b>Fund Cash Balances, January 1</b>	<b>75,408</b>	<b>176,030</b>		<b>251,438</b>
<b>Fund Cash Balances, December 31:</b>				
Restricted		166,892		166,892
Unassigned	86,904			86,904
<b>Fund Cash Balances, December 31</b>	<b>\$86,904</b>	<b>\$166,892</b>	<b>\$0</b>	<b>\$253,796</b>

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

**VILLAGE OF SAINT PARIS  
CHAMPAIGN COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL PROPRIETARY AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Types</u>	<u>Totals</u>
	<u>Enterprise</u>	<u>Agency</u>	<u>(Memorandum Only)</u>
<b>Operating Cash Receipts:</b>			
Charges for Services	\$840,322		\$840,322
Fines, Licenses and Permits		\$5,514	5,514
Total Operating Cash Receipts	<u>840,322</u>	<u>5,514</u>	<u>845,836</u>
<b>Operating Cash Disbursements:</b>			
Personal Services	181,345		181,345
Employee Fringe Benefits	140,422		140,422
Contractual Services	138,427		138,427
Supplies and Materials	92,990		92,990
Other	5,731	5,514	11,245
Total Operating Cash Disbursements	<u>558,915</u>	<u>5,514</u>	<u>564,429</u>
Operating Income	<u>281,407</u>		<u>281,407</u>
<b>Non-Operating Receipts (Disbursements):</b>			
Other Debt Proceeds	36,918		36,918
Miscellaneous Receipts	8,028		8,028
Capital Outlay	(138,739)		(138,739)
Principal Retirement	(30,000)		(30,000)
Interest and Other Fiscal Charges	(17,841)		(17,841)
Total Non-Operating Receipts (Disbursements)	<u>(141,634)</u>		<u>(141,634)</u>
Net Change in Fund Cash Balances	139,773		139,773
Fund Cash Balances, January 1	<u>878,523</u>	<u>571</u>	<u>879,094</u>
Fund Cash Balances, December 31	<u>\$1,018,296</u>	<u>\$571</u>	<u>\$1,018,867</u>

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

**VILLAGE OF SAINT PARIS  
CHAMPAIGN COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Totals (Memorandum Only)</u>
<b>Cash Receipts:</b>				
Property and Other Local Taxes	\$43,722	\$51,368		\$95,090
Municipal Income Tax	280,006			280,006
Intergovernmental	30,129	93,898	\$241,630	365,657
Special Assessments		8,981		8,981
Charges for Services	24,840	3,331		28,171
Fines, Licenses and Permits	27,251	2,137		29,388
Earnings on Investments	1,086	2,395		3,481
Miscellaneous	23,486	8,780		32,266
Total Cash Receipts	<u>430,520</u>	<u>170,890</u>	<u>241,630</u>	<u>843,040</u>
<b>Cash Disbursements:</b>				
<b>Current:</b>				
Security of Persons and Property	247,153			247,153
Leisure Time Activities		7,472		7,472
Community Environment		1,960		1,960
Transportation		136,003	241,630	377,633
General Government	147,154	3,147		150,301
<b>Debt Service:</b>				
Principal Retirement	80,796			80,796
Interest and Fiscal Charges	2,085			2,085
Total Cash Disbursements	<u>477,188</u>	<u>148,582</u>	<u>241,630</u>	<u>867,400</u>
Excess of Receipts Over (Under) Disbursements	<u>(46,668)</u>	<u>22,308</u>		<u>(24,360)</u>
<b>Other Financing Receipts (Disbursements):</b>				
Other Debt Proceeds	82,881			82,881
Transfers In		36,213		36,213
Transfers Out		(37,564)		(37,564)
Total Other Financing Receipts (Disbursements)	<u>82,881</u>	<u>(1,351)</u>		<u>81,530</u>
Net Change in Fund Cash Balances	36,213	20,957		57,170
Restated Fund Cash Balances, January 1	<u>39,195</u>	<u>155,073</u>		<u>194,268</u>
<b>Fund Cash Balances, December 31:</b>				
Restricted		176,030		176,030
Assigned	75,408			75,408
Fund Cash Balances, December 31	<u>\$75,408</u>	<u>\$176,030</u>	<u>\$0</u>	<u>\$251,438</u>

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

**VILLAGE OF SAINT PARIS  
CHAMPAIGN COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS  
AND CHANGES IN FUND BALANCES (CASH BASIS)  
ALL PROPRIETARY AND FIDUCIARY FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Types</u>	<u>Totals</u>
	<u>Enterprise</u>	<u>Agency</u>	<u>(Memorandum Only)</u>
<b>Operating Cash Receipts:</b>			
Charges for Services	\$759,355		\$759,355
Fines, Licenses and Permits		\$3,190	3,190
Total Operating Cash Receipts	<u>759,355</u>	<u>3,190</u>	<u>762,545</u>
<b>Operating Cash Disbursements:</b>			
Personal Services	184,962		184,962
Employee Fringe Benefits	138,301		138,301
Contractual Services	152,265		152,265
Supplies and Materials	94,814		94,814
Other	4,741	3,190	7,931
Total Operating Cash Disbursements	<u>575,083</u>	<u>3,190</u>	<u>578,273</u>
Operating Income	<u>184,272</u>		<u>184,272</u>
<b>Non-Operating Receipts (Disbursements):</b>			
Miscellaneous Receipts	6,327		6,327
Capital Outlay	(212,354)		(212,354)
Principal Retirement	(30,000)		(30,000)
Interest and Other Fiscal Charges	(19,345)		(19,345)
Total Non-Operating Receipts (Disbursements)	<u>(255,372)</u>		<u>(255,372)</u>
Income (Loss) before Transfers	(71,100)		(71,100)
Transfers In	<u>1,351</u>		<u>1,351</u>
Net Change in Fund Cash Balances	(69,749)		(69,749)
Restated Fund Cash Balances, January 1	<u>948,272</u>	<u>571</u>	<u>948,843</u>
Fund Cash Balances, December 31	<u><u>\$878,523</u></u>	<u><u>\$571</u></u>	<u><u>\$879,094</u></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  
DECEMBER 31, 2015 AND 2014**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Saint Paris, Montgomery County, (the Village) as a body corporate and politic.. A publicly elected six-member Council directs the Village. The Village provides general governmental services, water and sewer utilities and police services. JSP Fire District, jointly governed with the Village and Johnson Township, provides fire and emergency medical services. See Note 11 for additional information. The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM), a public entity risk pool. See Note 9 for more information.

The Village's management believes these financial statements present all activities for which the Village is financially accountable.

**B. Accounting Basis**

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements 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 the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

**C. Deposits and Investments**

The Village maintains its cash deposits in an interest-bearing checking account and has no investments.

**D. Fund Accounting**

The Village uses fund accounting to segregate cash that is restricted as to use. The Village classifies its funds into the following types:

**1. General Fund**

The General Fund accounts for and reports all financial resources not accounted for and reported in another fund.

**2. Special Revenue Funds**

These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Fund:

**Street Construction, Maintenance and Repair Fund** - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining, and repairing Village streets.

**VILLAGE OF SAINT PARIS  
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**3. Capital Project Funds**

These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following significant capital project fund:

**Ohio Public Works Commission (OPWC) Fund** – This fund receives monies through OPWC grants for construction projects.

**4. Enterprise Funds**

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

**Water Fund** - This fund receives charges for services from residents to cover water service costs.

**Sewer Fund** - This fund receives charges for services from residents to cover sewer service costs.

**5. 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.

**E. Budgetary Process**

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

**1. 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 appropriations measure. Appropriations lapse at year end.

**2. Estimated Resources**

Estimated resources include estimates of cash to be received (budgeted receipts) plus cash as of January 1. The County Budget Commission must approve estimated resources.

**VILLAGE OF SAINT PARIS  
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**3. Encumbrances**

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and re-appropriated in the subsequent year.

A summary of 2015 and 2014 budgetary activity appears in Note 4.

**F. Fund Balance**

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:

**1. Non-spendable**

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

**2. 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.

**3. 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.

**4. 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.

**5. 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.

**VILLAGE OF SAINT PARIS  
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**G. Property, Plant, and Equipment**

The Village records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

**H. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

**2. FUND BALANCE RESTATEMENT**

The Village restated fund balances at January 1, 2014, for the General, Special Revenue, and Enterprise Funds. In 2009 and 2010, the Village paid for expenditures associated with the South Springfield Street Project with Sewer and Water Funds rather than the Street Construction, Maintenance and Repair Fund. **Ohio Rev. Code § 729.52 and 743.05** governs allowable Sewer Fund and Water Fund expenditures. The Village should have paid the South Springfield Street Project expenditures from the Street Construction, Maintenance and Repair Fund. Also, in 2011, the Village paid for expenditures associated with demolishing a house with Street Construction, Maintenance and Repair Fund monies rather than General Fund monies. **Ohio Rev. Code § 5735.27(A)(1) and (2)** governs allowable Street Construction, Maintenance and Repair Fund expenditures. The Village should have paid the demolition expenditures from the General Fund. All expenditures listed above were moved to the correct fund. The following table shows the changes in fund balances:

	<b>General Fund</b>	<b>Special Revenue Fund</b>	<b>Enterprise Fund</b>
December 31, 2013 Fund Balance	\$43,625	\$311,878	\$787,037
Prior Period Adjustment	(4,430)	(156,805)	161,235
Restated January 1, 2014 Fund Balance	\$39,195	\$155,073	\$948,272

**3. EQUITY IN POOLED DEPOSITS**

The Village maintains a deposit pool all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits at December 31 was as follows:

	<b>2015</b>	<b>2014</b>
Demand deposits	\$1,272,663	\$1,130,532

**Deposits:** Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by securities specifically pledged by the financial institution to the Village.

**VILLAGE OF SAINT PARIS  
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(Continued)**

**4. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2015 and 2014 follows:

**2015 Budgeted vs. Actual Receipts**

<b>Fund Type</b>	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
General	\$439,824	\$459,388	\$19,564
Special Revenue	157,719	210,893	53,174
Capital Projects	411,000	384,675	(26,325)
Enterprise	811,571	885,268	73,697
Fiduciary	5,000	5,514	514
Total	<u>\$1,825,114</u>	<u>\$1,945,738</u>	<u>\$120,624</u>

**2015 Budgeted vs. Actual Budgetary Basis Expenditures**

<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Budgetary Expenditures</b>	<b>Variance</b>
General	\$519,993	\$447,892	\$72,101
Special Revenue	491,631	220,031	271,600
Capital Projects	411,000	384,675	26,325
Enterprise	1,527,451	745,495	781,956
Fiduciary	5,571	5,514	57
Total	<u>\$2,955,646</u>	<u>\$1,803,607</u>	<u>\$1,152,039</u>

**2014 Budgeted vs. Actual Receipts**

<b>Fund Type</b>	<b>Budgeted Receipts</b>	<b>Actual Receipts</b>	<b>Variance</b>
General	\$417,720	\$513,401	\$95,681
Special Revenue	239,452	207,103	(32,349)
Capital Projects	552,000	241,630	(310,370)
Enterprise	848,650	767,033	(81,617)
Fiduciary	10,000	3,190	(6,810)
Total	<u>\$2,067,822</u>	<u>\$1,732,357</u>	<u>(\$335,465)</u>

**2014 Budgeted vs. Actual Budgetary Basis Expenditures**

<b>Fund Type</b>	<b>Appropriation Authority</b>	<b>Budgetary Expenditures</b>	<b>Variance</b>
General	\$524,806	\$477,188	\$47,618
Special Revenue	497,727	186,146	311,581
Capital Projects	552,000	241,630	310,370
Enterprise	1,580,434	836,782	743,652
Fiduciary	10,571	3,190	7,381
Total	<u>\$3,165,538</u>	<u>\$1,744,936</u>	<u>\$1,420,602</u>

**5. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The financial statements include homestead and rollback amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

**VILLAGE OF SAINT PARIS  
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(Continued)**

**5. PROPERTY TAX (Continued)**

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

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Village.

**6. LOCAL 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 2015 and 2014 were \$281,989 and \$280,006, respectively.

**7. DEBT**

Debt outstanding at December 31, 2015 was as follows:

	<b>Principal</b>	<b>Interest Rate</b>
First Central National Bank - Water Tower	\$342,431	5%
First Central National Bank - Land Acquisition	75,989	4%
First Central National Bank - Truck Loan	36,918	2.25%
OPWC Poplar Street Reconstruction Loan	252,567	0%
Total	\$707,905	

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 and the 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. A balloon payment of \$300,000 is due May 2017; however, the balloon payment will be refinanced and a new interest rate will be negotiated with the bank.

In 2014, the Village refinanced a loan that originated in 2011 with a balloon payment in 2014 with First Central National Bank. The amount refinanced was \$82,881 with an interest rate of 4%. The loan was for property for future development. The loan requires semi-annual principal and interest payments of \$5,070 due in June and December.

In December 2015, the Village obtained a loan from First Central National Bank to purchase a truck for the water and sewer department. The loan was for \$36,918 with an interest rate of 2.25%. The loan requires monthly principal and interest payments of \$651.

In 2015, the Village received a Grant of \$400,000 and an interest-free 30-year loan from the Ohio Public Works Commission (OPWC) for \$252,567 to completely reconstruct Poplar Street including the water, sewer, and storm lines. The loan paid for the water and street portion of the project. The loan requires semi-annual principal payments due in January and July. The first payment is due January 2016.

**VILLAGE OF SAINT PARIS  
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(Continued)**

**7. DEBT (Continued)**

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

<u>Year ending December 31:</u>	<u>Water Tower</u>	<u>Land Acquisition</u>	<u>Water/Sewer Truck</u>	<u>OPWC - Street Reconstruction</u>
2016	\$47,293	\$10,140	\$7,814	\$8,419
2017	338,182	10,140	7,814	8,419
2018		10,140	7,814	8,419
2019		10,140	7,814	8,419
2020		10,140	7,814	8,419
2021-2025		40,560		42,094
2026-2030				42,094
2031-2035				42,094
2036-2040				42,095
2041-2045				42,095
Total	<u>\$385,475</u>	<u>\$91,260</u>	<u>\$39,070</u>	<u>\$252,567</u>

In May 2015, the Village entered into a Master Lease with Option to Purchase Agreement with Key Chrysler Jeep & Dodge, Inc. for a 2014 Dodge Charger. The following represents the schedule of payments.

<u>Date</u>	<u>Payment</u>	<u>Principal</u>	<u>Interest</u>	<u>Purchase Option Price</u>
4/27/2016	\$10,392	\$8,825	\$1,567	\$19,159
4/27/2017	10,392	9,319	1,073	9,841
7/27/2018	10,392	9,841	551	
Total	<u>\$31,176</u>	<u>\$27,985</u>	<u>\$3,191</u>	

**8. RETIREMENT SYSTEMS**

The Village's law enforcement officers belong to either the Ohio Police and Fire Pension Fund (OP&F) or the Ohio Public Employees' Retirement System (OPERS). Other full-time employees belong to the Ohio Public Employees' Retirement System (OPERS) of Ohio. OP&F and OPERS are cost sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. From January 1, 2014 thru June 30, 2014, OP&F participants contributed 10.75% of their annual covered salary. From July 1, 2014 thru June 30, 2015, OP&F participants contributed 11.5% of their annual covered salary. From July 1, 2015 thru December 31, 2015, OP&F participants contributed 12.25% of their annual covered salary. For 2015 and 2014, the Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. For 2015 and 2014, OPERS members contributed 10%, of their gross salaries and the Village contributed an amount equaling 14% of covered payroll. The Village has paid all contributions required through December 31, 2015.

**9. RISK MANAGEMENT**

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

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

**VILLAGE OF SAINT PARIS  
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(Continued)**

**9. RISK MANAGEMENT (Continued)**

**Risk Pool Membership**

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) - formerly known as 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 is legally separate from its member governments.

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.

OPRM coverage programs 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. Effective November 1, 2012 (and through October 2014) the plan increased its retention to 50% of the first \$250,000 casualty treaty. Effective November 1, 2014, the OPRM retained 47% 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 772 and 783 members as of December 31, 2015 and 2014 respectively.

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 equity at December 31, 2015 and 2014

	<u>2015</u>	<u>2014</u>
Assets	\$14,643,667	\$14,830,185
Liabilities	(9,112,030)	(8,942,504)
Members' Equity	<u>\$5,531,637</u>	<u>\$5,887,681</u>

You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

**10. LEASE/RENT AGREEMENT**

On 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 St. Paris Water/Sewer Department from the Village of St. Paris for \$.50 per sq/ft for \$24,000 per year with it auto renewing each year unless Council votes to not renew.

**VILLAGE OF SAINT PARIS  
CHAMPAIGN COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2015 AND 2014  
(Continued)**

**11. JOINTLY GOVERNED ORGANIZATION**

The JSP Fire District is a jointly governed organization. A five-member Board of Trustees governs the District. One represents the Village of St. Paris; one represents Johnson Township; and three members at-large. The District provides fire protection, rescue services, and EMS services within the District and by contract to areas outside the District.

**12. NONCOMPLIANCE**

In addition to the noncompliance reported in Note 2, the Village had the following noncompliance:

- **Ohio Rev. Code §733.28** – Village incorrectly reported various revenues and expenditures on its annual report, which resulted in several adjustments.
- **Ohio Rev. Code §5705.10(C) and (D)** – Village posted revenues to the incorrect funds.
- **Ohio Rev. Code §705.55, 733.30 and 735.271** – Lack of monitoring and oversight of the financial activities of the Village.

**13. SUBSEQUENT EVENT**

In January 2016, the Village obtained a loan for a truck for the Street Department from the First Central National Bank with an interest rate of 2.25%. The loan requires quarterly principal and interest payments of \$3,530. The amortization schedule is below (including interest):

<u>Year ending December 31:</u>	<u>Street Truck</u>
2016	\$10,590
2017	14,120
2018	14,120
2019	14,120
2020	14,120
2021	<u>3,530</u>
Total	<u><u>\$70,600</u></u>

**This page intentionally left blank.**



# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Village of Saint Paris  
Champaign County  
PO Box 572  
St. Paris, Ohio 43072

To the Village Council:

We have audited in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the Village of Saint Paris, Champaign County (the Village) as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements and have issued our report thereon dated August 5, 2016 wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. We also noted the Village restated the fund balances for General, Special Revenue, and Enterprise fund types as of January 1, 2014, as described in Note 2.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

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 a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. A *significant deficiency* is a deficiency, or a 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings that we consider material weaknesses. We consider findings 2015-001, 2015-002, 2015-003, and 2015-006 to be material weaknesses.

***Compliance and Other Matters***

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2015-001 through 2015-006.

***Village's Response to Findings***

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.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

August 5, 2016

**VILLAGE OF SAINT PARIS  
CHAMPAIGN COUNTY  
SCHEDULE OF FINDINGS  
DECEMBER 31, 2015 AND 2014**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
--

**FINDING NUMBER 2015-001**

**Noncompliance and Material Weakness**

**Ohio Rev. Code §729.52** states the funds received from the collection of sewer rentals under section 729.49 of the Revised Code shall be deposited weekly with the treasurer of the municipal corporation. Money so deposited shall be kept as a separate and distinct fund and shall be known as the sewer fund. When appropriated by the legislative authority of the municipal corporation, the fund shall be subject to the order of the director of public service of a city or of the board of trustees of public affairs of a village. The director or board shall sign all orders drawn on the treasurer of the municipal corporation against such fund, which fund shall be used for the payment of the cost of the management, maintenance, operation, and repair of the sewerage system and sewage pumping, treatment, and disposal works. Any surplus in such fund may be used for the enlargement or replacement of the system and works, for construction and reconstruction of main and interceptor storm sewers, for the payment of the interest on any debt incurred for the construction thereof, and for the creation of a sinking fund for the payment of such debt, but shall not be used for the extension of a sewerage system to serve un-sewered areas or for any other purpose; provided, where such municipal corporation does not operate or maintain a sewage pumping, treatment, and disposal works, any or all of such surplus may be transferred to the general fund of the municipal corporation in the manner provided in sections 5705.15 and 5705.16 of the Revised Code.

**Ohio Rev. Code §743.05** states after payment of the expenses of conducting and managing the water works, any surplus of a municipal corporation may be applied to the repairs, enlargement, or extension of the works or of the reservoirs, the payment of the interest of any loan made for their construction, or for the creation of a sinking fund for the liquidation of the debt. In those municipal corporations in which water works and sewerage systems are conducted as a single unit, under one operating management, a sum not to exceed ten per cent of the gross revenue of the water works for the preceding year may be taken from any surplus remaining after all of the preceding purposes have been cared for and may be used for the payment of the cost of maintenance, operation, and repair of the sewerage system and sewage pumping, treatment, and disposal works and for the enlargement or replacement thereof. Each year a sum equal to five per cent of the gross revenue of the preceding year shall be first retained from paid surplus as a reserve for waterworks purposes.

In 2009 and 2010, the Village paid street reconstruction costs with Water and Sewer Funds during the South Springfield Street project, in the amounts of \$77,903 and \$83,332, respectively. These were not allowable expenditures from the Enterprise Funds and resulted in a prior period adjustment to move the activity to the Street Construction, Maintenance, and Repair Fund. The financial statements and Village accounting records have been adjusted. In addition, during 2014, the Village receipted \$2,775 and expended \$2,357 to the Sewer fund for a property purchased with Sewer Funds in 2009. The initial activity related to this property purchased incorrectly with Sewer Funds was adjusted during the 2012 and 2013 audit and the 2014 activity above has been adjusted to the General Fund on the financial statements as well as the Village's accounting records. Finally, in 2014, the Village paid reconstruction costs with Water and Sewer Funds during the North Springfield Street project. These were not allowable expenditures from the Enterprise Funds and an adjustment was made to the financial statements and accounting records to move the expenditures from the Water Fund (\$875) and Sewer Fund (\$950) into the Street Construction, Maintenance and Repair Fund. The Village should implement procedures to ensure expenditures are properly authorized and allowable under each fund.

**Officials' Response:**

We are working on processes to help avoid these types of errors in the future.

## FINDING NUMBER 2015-002

### Noncompliance and Material Weakness

**Ohio Rev. Code §5735.27(A)(1)** states the amount credited pursuant to divisions (B)(2)(a) and (C)(2)(a) of section 5735.23 of the Revised Code shall be distributed among municipal corporations. The amount paid to each municipal corporation shall be that proportion of the amount to be so distributed that the number of motor vehicles registered within the municipal corporation bears to the total number of motor vehicles registered within all the municipal corporations of this state during the preceding motor vehicle registration year. The amount received by each municipal corporation shall be used to plan, construct, reconstruct, repave, widen, maintain, repair, clear, and clean public highways, roads, and streets; to maintain and repair bridges and viaducts; to purchase, erect, and maintain street and traffic signs and markers; to pay the costs apportioned to the municipal corporation under section 4907.47 of the Revised Code; to purchase, erect, and maintain traffic lights and signals; to pay the principal, interest, and charges on bonds and other obligations issued pursuant to Chapter 133. of the Revised Code or incurred pursuant to section 5531.09 of the Revised Code for the purpose of acquiring or constructing roads, highways, bridges, or viaducts or acquiring or making other highway improvements for which the municipal corporation may issue bonds; and to supplement revenue already available for these purposes.

**Ohio Rev. Code §5735.27(A)(2)** states the amount credited pursuant to division (B) of section 5735.26 of the Revised Code shall be distributed among the municipal corporations within the state, in the proportion which the number of motor vehicles registered within each municipal corporation bears to the total number of motor vehicles registered within all the municipal corporations of the state during the preceding calendar year, as shown by the official records of the bureau of motor vehicles, and shall be expended by each municipal corporation to plan, construct, reconstruct, repave, widen, maintain, repair, clear, and clean public highways, roads, and streets; to maintain and repair bridges and viaducts; to purchase, erect, and maintain street and traffic signs and markers; to purchase, erect, and maintain traffic lights and signals; to pay costs apportioned to the municipal corporation under section 4907.47 of the Revised Code; to pay the principal, interest, and charges on bonds and other obligations issued pursuant to Chapter 133. of the Revised Code or incurred pursuant to section 5531.09 of the Revised Code for the purpose of acquiring or constructing roads, highways, bridges, or viaducts or acquiring or making other highway improvements for which the municipal corporation may issue bonds; and to supplement revenue already available for these purposes.

In 2011, the Village paid \$4,430 to demolish a property on Dugan Street with Street Construction, Maintenance and Repair funds. The Village did not own the property and did not purchase the property after the Auditor and Sheriff sales, due to back taxes. The property demolition was not an allowable Street fund expenditure and resulted in a prior period adjustment to allocate the expenditure into the General fund. The financial statements and Village accounting records have been adjusted.

### Officials' Response:

We did not receive a response from Officials to this finding.

## FINDING NUMBER 2015-003

### Noncompliance and Material Weakness

**Ohio Rev. Code §733.28** states the village clerk shall keep the books of the village, exhibit accurate statements of all moneys received and expended, of all the property owned by the village and the income derived therefrom, and of all taxes and assessments. **Ohio Rev. Code §5705.10(C)** states "all revenue derived from a special levy shall be credited to a special fund for the purpose for which the levy was made." Additionally, **Ohio Rev. Code §5705.10(D)** states "except as otherwise provided by resolution adopted pursuant to section 3315.01 of the Revised Code, all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose, shall be paid into a special fund for such purpose."

**FINDING NUMBER 2015-003**  
**(Continued)**

The Village misclassified the following transactions, which have been adjusted on the financial statements (and client accounting records where applicable):

- General Fund receipts for the State Route 36 rental property classified as Charges for Services rather than Miscellaneous revenues (\$6,480 in 2014)
- Special Revenue Street Construction, Maintenance, and Repair Fund commercial activity tax reimbursements Intergovernmental revenues posted as General Fund Property and Local Taxes (\$750 in 2014)
- Permissive Motor Vehicle License Tax Fund auto Taxes revenue posted as Street Construction, Maintenance, and Repair Fund and State Highway Intergovernmental revenue (\$758 in 2014)
- Mayors Court Fund revenues classified as a Transfers In rather than Fines, Licenses, and Permits (\$1,006 in 2015 and \$409 in 2014)
- OPWC Fund reported revenues and expenditures already reported in the Street Construction, Maintenance, and Repair Fund, Water Fund, and Sewer Fund (Capital Projects Fund - \$26,262 in 2015)
- Street Construction, Maintenance, and Repair Fund charges for services (\$2,910) and intergovernmental revenues (\$18,909) incorrectly classified as miscellaneous revenue in 2015

Additionally, the Village refinanced a loan that originated in 2011 with a balloon payment in 2014 with First Central National Bank; however, the proceeds and expenditures associated with this refinancing were not included on the statements. Audit adjustments were made to add \$82,881 in Other Debt Proceeds, \$2,085 in Interest and Fiscal Charges expenditures, and \$80,796 in Principal Retirement expenditures to the General Fund. The Village also entered into a loan from First Central National Bank to purchase a truck for the water and sewer department in 2015; however, the proceeds and expenditures by the bank were not included on the statements. Audit adjustments were made to add \$36,918 in Other Debt Proceeds and \$36,918 in Capital Outlay expenditures split evenly between the Enterprise Water and Sewer Funds.

Finally, the following reclassifications and adjustments were inconsequential to the overall financial statements of the Village and were not posted to the statements:

- General Fund homestead/rollback classified as Property and Other Local Taxes rather than Intergovernmental revenues (\$12,941 in 2015 and \$12,924 in 2014)
- Permissive Motor Vehicle License Tax Fund auto taxes classified as Intergovernmental rather than Property and Other Local Taxes (\$4,841 in 2015 and \$5,589 in 2014)
- Street Construction, Maintenance, and Repair Fund real estate assessment refund posted as general government expenditures rather than Other Financing Sources (\$469 in 2014)
- General Fund State Route 36 property rental revenues classified as Charges for Services revenues rather than Miscellaneous revenues (\$2,430 in 2015)

The failure to correctly classify financial activity in the accounting records and financial statements may impact the user's understanding of the financial operations, the Village's ability to make sound financial decisions or comply with budgetary law, and/or result in materially misstated reports. The Village should have procedures in place to provide for accurate and complete recording of financial activity and balances in the accounting records and financial statements to assist in the effective management and reporting of financial resources.

**Officials' Response:**

We have made corrections on how these types of payments were posted in 2016.

**FINDING NUMBER 2015-004**

**Noncompliance/Finding for Recovery – Repaid While Under Audit**

The Village Council approved Diana Wallen to fill the new position for the Parks and Land Maintenance Technician at the salary of \$30,000 per year on March 15, 2010. In 2012, Council passed Resolution #1160, which provided a 3 percent raise to the full time Parks and Land employee, Diana Wallen. In 2013, Council passed Resolution #1181, which provided a \$2,000 pay raise to Diana Wallen, full-time Parks and Land employee. The Parks and Land employee was paid weekly and therefore the approved salary per week was as follows:

March 15, 2010 Rate	=	\$30,000 per year		
2012 Increase x 1.03	=	\$30,900 per year		
2013 Increase +\$2,000	=	\$32,900 per year		
Calculated Weekly Pay		\$32,900 / 52 weeks	=	\$632.69

During 2014 and 2015, the Village paid the Parks and Land employee \$640.32 per week, which was \$7.63 more than the approved weekly pay. There were 52 and 53 pay dates in 2014 and 2015, respectively; for a total of 105 payments issued at the overpaid amount of \$7.63. The employee received \$801 more than the approved amount during 2014 and 2015 combined.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code §117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Diana Wallen in the amount of \$801, and in favor of the Village of St. Paris' Water Fund in the amount of \$267, Sewer Fund in the amount of \$267, and Street Construction, Maintenance, and Repair Fund in the amount of \$267.

The Village should review all pay increases for all employees and verify that payments are made in accordance with the amounts approved by Council. Failure to do so could result in future payroll overpayments and findings for recovery.

**Officials' Response:**

On June 9, 2016, this finding for recovery was repaid in full to the Village via check number 6293. The receipt was recorded in the Village's Uniform Accounting System on June 9, 2016, via receipt number 579-2016 to the Village's Water, Sewer, and Street Construction, Maintenance and Repair Funds.

**FINDING NUMBER 2015-005**

**Noncompliance/Finding for Recovery – Repaid While Under Audit**

In March 2015, the Village Council passed Resolution 1214, which provided a 3 percent raise to the full time Fiscal Officer/Water Department employee, Cathlyn Adkins, retroactive to January 1, 2015. The Fiscal Officer's approved pay rate, prior to the resolution, was \$575.34 per week. The increase provided for \$592.60 per week; however, the Fiscal Officer received \$27.81 more than authorized each pay period or, in other words, \$620.41 total per week.

The Fiscal Officer resigned during 2015 and, therefore, only received 51 pays; however, she also received payments for vacation buyback and unused leave severance. The incorrect rate was also calculated on these payments. The Fiscal Officer received payment for two weeks of vacation during the buyback period. In addition, the Fiscal Officer received severance for 18.96 sick days and 5.28 vacation days or a total of 24.24 days at \$124 per day. The Fiscal Officer received:

**FINDING NUMBER 2015-005  
(Continued)**

Regular Pay:

Approved per week      \$592.60 x 51 weeks = \$30,222.60

Pay received              \$620.41 x 51 weeks = \$31,640.91

Vacation Buyback:

Approved per week      \$592.60 x 2 weeks = \$1,185.20

Pay received              \$620.41 x 2 weeks = \$1,240.82

Severance:

Approved per day        \$592.60 / 5 = \$118.52 \* 24.24 days = \$2,872.92

Severance received     \$620.41 / 5 = \$124.08 \* 24.24 days = \$3,007.70

Total Approved         \$34,280.72

Total Received         \$35,889.43

Overpayment             \$1,608.71

In accordance with the foregoing facts and pursuant to Ohio Rev. Code §117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Cathlyn Adkins in the amount of \$1,608, and in favor of the Village of St. Paris' Water Fund.

The Village should review all pay increases and severance payments for all employees and verify that payments are made in accordance with the amounts approved by Council. Failure to do so could result in future payroll and severance overpayments and findings for recovery.

**Officials' Response:**

On June 5, 2016, this finding for recovery was repaid in full to the Village via check number 4531. The receipt was recorded in the Village's Uniform Accounting System on June 6, 2016, via receipt number 580-2016 to the Village's Water Fund.

**FINDING NUMBER 2015-006**

**Noncompliance and Material Weakness**

The legislative authority of the village rests in its council. Most powers and duties of the village council are set forth in Ohio Revised Code Chapters 705, 731, and 733.

**Ohio Rev. Code §705.55** states the powers conferred upon municipal corporations by the Ohio Constitution and any additional powers conferred upon municipal corporations by the general assembly, shall be exercised by the council, unless the exercise of such powers is expressly conferred upon some other authority of the municipal corporation or reserved to the people thereof. In municipal corporations in which a municipal court is not provided by law, each councilman may perform all of the general duties of mayors, as provided in section 733.30 of the Revised Code, and shall have such jurisdiction as is provided by section 1905.20 of the Revised Code. The member of council elected chairman shall perform all judicial functions.

**FINDING NUMBER 2015-006**  
**(Continued)**

**Ohio Rev. Code §733.30** states the mayor shall perform all the duties prescribed by the bylaws and ordinances of the municipal corporation. He shall see that all ordinances, bylaws, and resolutions of the legislative authority are faithfully obeyed and enforced. He shall sign all commissions, licenses, and permits granted by such legislative authority, or authorized by Title VII [7] of the Revised Code, and such other instruments as by law or ordinances require his certificate.

**Ohio Rev. Code §735.271** states the legislative authority of the village may establish the position of village administrator by ordinance. The village administrator established under this section shall have those powers provided by section 735.273 of the Revised Code. The village administrator shall be appointed by the mayor, but shall not take office unless his appointment has been approved by a majority vote of the members elected to the legislative authority of the village.

Various additional issues were investigated and analyzed by the Auditor of State's office during the audit. The following issues may have been caused by a lack of clear and concise policies and procedures applied and followed up through a pre-determined chain of command, as set forth by the Ohio Revised Code and amended by local authorities as allowable, and in line with the various duties and responsibilities of each party to see any project or task through to its completion:

1. Council, in conjunction with the Village Administrator, did not clearly define the proper allocation of payments for street reconstruction projects. Without a clear projection at the inception of the project as to the allocation of payments of funds and the reasoning backing that allocation, payments can be improperly charged to certain funds and spent contrary to the intent of the Council. Several expenditures associated with the South Springfield Street and the North Springfield Street Reconstruction Projects required adjustments between funds. See Finding 2015-001 for additional information.
2. An old dilapidated house was torn down by the Village and some costs associated with the upkeep of the property were also absorbed by the Village. The Village did not properly determine who should be assessed for these costs or consult with all members of the management team to assure this transaction was handled through the proper channels. See Finding 2015-002 for additional information.
3. A concern was put forth indicating that some street lights may have been installed without closely following code specifics related to such installations, and without the formal action or acknowledgement of the council. The issue has been referred to the Champaign County Building Regulations department.
4. Monies were donated by a local organization for the installation of a park water fountain, and the project had not been completed, nor was there an indication the monies had been adequately set aside for completion of the project. The Village has purchased the water fountain for the park.
5. Quotes were taken on a project for paving, and it appeared that a higher quote was accepted without adequate explanation of best or lowest quote and without adequate approval or correspondence with council. Council should be informed and involved when issues arise from quotes. In the event of required bidding, Council should approve all bids.
6. Repairs were made to the end of a residential driveway during a street project and the resident was not charged for the costs of materials and labor, rather a nominal fee was charged and collected. This was also done without the knowledge or participation of council. Council should be involved in the determination of payment for services provided to Village residents.
7. The Village contracted with a local cemetery for the digging of graves, but there was no resolution or other formal action or documentation indicating the rate for this process or which fund(s) the money should be deposited into. The Village has since created a contract with the cemetery for the services they are providing for digging the graves.
8. An employee of the Village also performed services for another local governmental entity and there was no documentation indicating any timeframes for conducting business related to the entities' in question or restrictions thereto related to either job. Council should review and approve detailed policies for this working arrangement.

**FINDING NUMBER 2015-006  
(Continued)**

9. Utility adjustments were posted to a local business (possibly in exchange for electricity) without approval by Council or support showing the amount of adjustment. Council should review all utility adjustments.
10. The Village minutes did not indicate that Council received any UAN accounting system reports or additional financial reports for review/approval including the monthly bank reconciliations; fund balance, revenue, and expenditure ledgers; budget vs. actual information. Council should review financial activity reports and formally approve them during open meetings.

In addition, the Village policy manual did not adequately identify differences in exempt/non-exempt employees with regards to overtime eligibility. Employees have expressed concern on eligibility in relation to overtime (and/or compensatory time). There is not a clear indication on the procedures needed and/or if overtime is granted. In one instance, an employee was documented as working 16 hours in addition to normal working hours; however, he was not granted overtime or compensatory time. The Village should review employee policy manuals and incorporate more-detailed policies and clear distinctions on eligibility.

The above incidents and duties indicate a lack of proper application of duties and responsibilities, lack of controls, compensating controls, or policies and procedures to assure that the various operations of the Village are properly executed in a manner which follows the intended protocol of a Village, with checks and balances to keep all officials and employees in line with their intended jobs.

Village Council should re-evaluate the duties and responsibilities of all employees and improve monitoring and oversight of the financial activities of the Village. Council should also be proactive in reviewing and signing off on various financial reports. Lack of proper oversight and monitoring results in inaccurate financial activity and reporting as well as the potential for unauthorized expenditures.

**Officials' Response:**

The Village is working to improve our processes to help avoid errors and mistakes in the future.

**VILLAGE OF SAINT PARIS  
CHAMPAIGN COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2015 AND 2014**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2013-001	<b>Noncompliance/Material Weakness – Ohio Rev. Code §5705.10(D) and §5735.28</b> - Accuracy and Completeness of Financial Activity	Not Corrected	Repeated as Finding 2015-002 and 2015-003
2013-002	<b>Noncompliance/Material Weakness – Ohio Rev. Code §729.52</b> - Sewer Fund Property Purchase	Not Corrected	Repeated as Finding 2015-001



# Dave Yost • Auditor of State

VILLAGE OF ST. PARIS

CHAMPAIGN COUNTY

## CLERK'S CERTIFICATION

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

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
OCTOBER 13, 2016