

**Village of Saint Paris
Financial Statements
December 31, 1999 and 1998**



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

Honorable Mayor and Village Council
Village of Saint Paris
135 West Main Street
Saint Paris, Ohio 43072

We have reviewed the independent auditor's report of the Village of Saint Paris, Champaign County, prepared by Taylor, Applegate, Hughes & Associates, Ltd., Certified Public Accountants, for the audit period January 1, 1998 through December 31, 1999. 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.

As the Village of Saint Paris Clerk-Treasurer and the Clerk of the Board of Public Affairs, Mr. Jeff Burroughs was over compensated for the period January 1, 1999 through March 5, 1999 (his final day of service). There is no record that the Village was refunded for overcompensation.

The amount the Village is owed is calculated as follows:

Compensation as Clerk-Treasurer:

Annual compensation set at \$8,200.
For the calendar year ended December 31, 1999 there were 365 days.
Daily per diem is calculated as \$22.47.
Sixty-four (64) days served as Clerk-Treasurer during the year.
Compensation owed as Clerk-Treasurer: \$1,438.08

Compensation as Clerk of the Board of Public Affairs

Annual compensation set at \$8,200.
For the calendar year ended December 31, 1999 there were 365 days.
Daily per diem is calculated as \$22.47.
Sixty-four (64) days served as Clerk of the Board of Public Affairs during the year.
Compensation owed as Clerk of the Board of Public Affairs: \$1,438.08

Total Compensation owed: \$2,876.16

Amount of Compensation received for January - March 1999

<u>For Month of</u>	<u>Gross amount</u>	<u>Date</u>	<u>Check #</u>
January 1999	\$1,366.66	1/1/1999	6553
February 1999	1,366.66	2/1/1999	6666
March 1999	<u>1,366.66</u>	3/1/1999	6779
Total	\$4,099.98		

Amount owed the Village: \$1,223.82 (\$4,099.98 - \$2,876.16)

Based on these facts and in accordance with Ohio Revised Code Section 117.28, a finding for recovery for public monies due but not collected is hereby issued against Mr. Jeff Burroughs in the amount of one thousand two hundred twenty-three dollars eighty-two cents (\$1,223.82).

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



JIM PETRO
Auditor of State

July 14, 2000

Village of Saint Paris
Financial Statements
December 31, 1999 and 1998

Table of Contents

<u>Title</u>	<u>Page</u>
Elected officials and Administrative Personnel	(i)
Index of Funds	(ii)
Report of Independent Accountants	
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances –all Governmental Fund Types and Similar Fiduciary Fund- For the Year Ended December 31, 1999	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances- Proprietary Fund Type and Similar Fiduciary Fund For the Year Ended December 31, 1999	2
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types And Similar Fiduciary Fund – For the year Ended December 31, 1998	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – Proprietary Fund Type and Similar Fiduciary Fund For the Years Ended December 31, 1998	4
Notes to the Financial Statements	5-12
Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	13-14
Schedule of Findings	15-20

Village of St. Paris
Champaign County

135 West Main Street
Saint Paris, Ohio 43072

Elected Officials and administrative personnel as of December 31, 1999

Name	Title	Term of office or contract period
Ed Mason	Mayor	1/1/98 - 12/31/99
Linda Coleman	Clerk - Appointed	5/17/99 - 4/1/00
Rick Burnside	Council President	1/01/96 - 12/31/99
Lynn Miller	Council	1/01/96 - 12/31/99
Melvin Perdue	Council	1/10/96 - 12/31/99
Scott Massie	Council	1/1/98 - 12/31/01
Larry Watkins	Council - Appointed	6/7/99 - 12/31/01
Jerry Carlson	BPA Chairman	1/01/94 - 12/31/01
Paul Hershberger	BPA	1/01/96 - 12/31/99
Kyle Bowman	BPA	1/01/96 - 12/31/99

ADMINISTRATIVE PERSONNEL

James Pence, Jr.	Police Chief	Indefinite
------------------	--------------	------------

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

Village of Saint Paris
Financial Statement
December 31, 1999 and 1998

Index of Funds

Governmental Fund Types:

General Fund Type:

General Fund

Special Revenue Fund Type:

Street Construction, Maintenance & Repair Fund

State Highway Improvement Fund

Solid Waste Fund

Parks and Recreation Fund

Law Enforcement Trust Fund

Drug Fines Fund

Storm Drains Fund

Emergency Medical Service Fund

Capital Projects Fund Type:

Ohio Public Works Commission Grant Fund

Proprietary Fund Types:

Enterprise Fund Type:

Water Fund

Sewer Fund

Sewer Assessment Fund

Fiduciary Fund Type:

Trust and Agency Fund types:

Expendable Trust Funds

Income Tax Fund

Agency Funds

Mayor's Court Fund

Keith O. Applegate, CPA
Kathleen M. Hughes, CPA

Richard R. Taylor, CPA (1931-1998)

Kristi L. Leeth, CPA
Valerie Friley Walker, CPA
Edward K. Jones, CPA, MBA

Report of Independent Accountants

Honorable Mayor and Village Council
Village of Saint Paris
135 West Main Street
Saint Paris, Ohio 43072

We have audited the accompanying financial statements of the Village of Saint Paris, Champaign County, (the Village), as of and for the years ended December 31, 1999 and December 31, 1998. 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 generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village, as of December 31, 1999 and December 31, 1998, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued a report dated April 27, 2000 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

This report is intended solely for the information and use of the management, Village Council and other officials authorized to receive this report under Section 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

Taylor, Applegate, Hughes + Assoc. Ltd.

Taylor, Applegate, Hughes and Associates, Ltd.
April 27, 2000

629 E. High Street • P.O. Box 359 • Springfield, Ohio 45501-0359
• Tel: 937-325-1538 • Fax: 937-325-8242

123 Scioto Street • Urbana, Ohio 43078
• Tel: 937-653-8489 • Fax: 937-653-4742



The CPA. Never Underestimate The Value.™

VILLAGE OF SAINT PARIS
Champaign County

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES - ALL GOVERNMENTAL FUNDS TYPES AND SIMILAR FIDUCIARY FUND
FOR THE YEAR ENDED DECEMBER 31, 1999

	<u>Governmental Fund Types</u>			<u>Fiduciary</u>	<u>Total</u> (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects Funds</u>	<u>Fund</u> <u>Expendable</u> <u>trust</u>	
Cash Receipts:					
Local Taxes	\$63,275	\$98,539		\$235,680	\$397,494
Intergovernmental	137,139	74,627			211,766
Charges for services		2,913			2,913
Fines, licenses, and permits	16,578	185			16,763
Miscellaneous	81,916	18,768		2,150	102,834
Total Cash Receipts	\$298,908	\$195,033	\$0	\$237,830	\$731,770
Cash Disbursements:					
Current:					
Security of persons and property	\$220,779	\$255			\$221,034
Public health services	2,852	14,384			17,237
Leisure time activities		3,427			3,427
Community Environment	11,378				11,378
Transportation	36,494	94,465			130,959
General government	104,902			72	104,974
Capital Outlay		81,565			81,565
Debt Service	7,630				7,630
Total Cash Disbursements	\$384,036	\$194,096	\$0	\$72	\$578,203
Total receipts over/(under) disbursements	-\$85,128	\$937	\$0	\$237,758	\$153,567
Other financing receipts/(disbursements):					
Transfers-in	\$171,951	\$21,951			\$193,901
Transfers-out	-21,951			-171,951	-193,901
Total other financing receipts/(disbursements)	\$150,000	\$21,951	\$0	-\$171,951	\$0
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements	\$64,872	\$22,888	\$0	\$65,807	\$153,566
Fund Cash balances, January 1, 1999	\$77,765	\$122,377	\$0	\$271,304	\$471,446
Fund Cash balances, December 31, 1999	\$142,637	\$145,265	\$0	\$337,111	\$625,012

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

VILLAGE OF SAINT PARIS

Champaign County

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES - PROPRIETARY FUNDS TYPES AND SIMILAR FIDUCIARY FUND
FOR THE YEAR ENDED DECEMBER 31, 1999

	Proprietary Funds	Fiduciary Funds	Total
	Enterprise	Agency	(Memorandum Only)
Cash Receipts:			
Charges for Services	\$410,045		\$410,045
Miscellaneous	308,812		308,812
Court Fines and Forfeitures		4,125	4,125
Total Cash receipts	\$718,857	\$4,125	\$722,982
Cash Disbursements:			
Personal services	\$153,326		153,326
Court disbursements		4,125	4,125
Contractual services	114,405		114,405
Supplies and Materials	82,646		82,646
Capital outlay	400,386		400,386
Total Cash Disbursements	\$750,764	\$4,125	\$754,889
Operating Income/(loss)	-\$31,906	\$0	-\$31,906
Non-operating cash disbursements:			
Debt service	\$77,669		\$77,669
Total non-operating cash disbursements	\$77,669		\$77,669
Net receipts over/(under) disbursements	-\$109,576		-\$109,576
Fund cash balances, January 1, 1999	\$409,126		\$409,126
Fund cash balances, December 31, 1999	\$299,550		\$299,550

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

VILLAGE OF SAINT PARIS

Champaign County

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES - ALL GOVERNMENTAL FUNDS TYPES AND SIMILAR FIDUCIARY FUND
FOR THE YEAR ENDED DECEMBER 31, 1998

	<u>Governmental Fund Types</u>			<u>Fiduciary</u>	<u>Total</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects Funds</u>	<u>Funds Expendable Trust</u>	<u>(Memorandum Only)</u>
Cash Receipts:					
Local Taxes	\$55,894	\$91,191		\$236,393	\$383,478
Intergovernmental	70,951	69,998			140,949
Charges for services		2,624			2,624
Fines, licenses, and permits	27,884	530			28,414
Miscellaneous	56,805	4,855		1,030	62,690
Total Cash Receipts	\$211,534	\$169,198	\$0	\$237,423	\$618,154
Cash Disbursements:					
Current:					
Security of persons and property	\$167,085	\$600			\$167,685
Public health services	5,400	14,502		680	20,582
Leisure time activities		14,960			14,960
Community Environment	9,880				9,880
Transportation	24,503	76,822			101,325
General government	91,254			78	91,332
Capital Outlay		147,777	10,000		157,777
Debt Service	7,630				7,630
Total Cash Disbursements	\$305,753	\$254,662	\$10,000	\$758	\$571,173
Total receipts over/(under) disbursements	-\$94,219	-\$85,464	-\$10,000	\$236,665	\$46,982
Other financing receipts/(disbursements):					
Transfers-in	\$172,000	\$72,000	\$10,000		\$254,000
Transfers-out	-82,000			-172,000	-254,000
Total other financing receipts/(disbursements)	\$90,000	\$72,000	\$10,000	-\$172,000	\$0
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements	-\$4,219	-\$13,464	\$0	\$64,665	\$46,982
Fund Cash balances, January 1, 1998	\$81,984	\$135,841	\$0	\$206,639	\$424,464
Fund Cash balances, December 31, 1998	\$77,765	\$122,377	\$0	\$271,304	\$471,446

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

VILLAGE OF SAINT PARIS

Champaign County

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND
CASH BALANCES - PROPRIETARY FUNDS TYPES AND SIMILAR FIDUCIARY FUND
FOR THE YEAR ENDED DECEMBER 31, 1998

	Proprietary Funds	Fiduciary Funds	Total
	Enterprise	Agency	(Memorandum Only)
Cash Receipts:			
Charges for Services	\$317,754		\$317,754
Miscellaneous	992		992
Court Fines and Forfeitures		6,822	6,822
Total Cash receipts	\$318,746	\$6,822	\$325,568
Cash Disbursements:			
Personal services	\$94,932		94,932
Court disbursements		6,822	6,822
Contractual services	128,154		128,154
Supplies and Materials	71,550		71,550
Total Cash Disbursements	\$294,636	\$6,822	\$301,458
Operating Income/(loss)	\$24,109	\$0	\$24,109
Non-operating cash disbursements:			
Debt service	\$77,515		\$77,515
Total non-operating cash disbursements	\$77,515		\$77,515
Net receipts over/(under) disbursements	-\$53,406		-\$53,406
Fund cash balances, January 1, 1998	\$462,531		\$462,531
Fund cash balances, December 31, 1998	\$409,126		\$409,126

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

Village of Saint Paris
Notes to Financial Statements
December 31, 1999 and 1998

1. Summary of Significant Accounting Policies

A. Description of the Entity

The Village of Saint Paris, Champaign County, (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides general governmental services, including water and sewer utilities, police services, and emergency medical services.

The Village's management believes these financial statements present all activities for which the Village is financially accountable, except employee deferred compensation funds maintained by outside custodians are not included in these financial statements. These assets are described in Note. 9.

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. The village does not utilize the encumbrance method of accounting, as prescribed by law. Therefore, budgetary presentations report budgetary expenditures when an expenditure is made rather than when an encumbrance is approved.

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

C. Cash and Investments

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

D. Fund Accounting

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

General Fund

The general Fund is the general operating fund. It is used to account for all financial resources except those required by law or contract to be restricted.

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant special Revenue Funds:

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

Storm Drain Fund - This fund receives tax levy money to provide maintenance and replacement of storm sewer lines within the Village.

Capital Project Funds:

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Village had the following significant capital project fund:

Ohio Public Works Commission Grant Fund - This fund receives grant money from the State of Ohio for a storm sewer/drainage project. The Village will be responsible for 10% funding of the project.

Fiduciary Funds (Trust and Agency Funds)

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Village to maintain the corpus of the trust, the fund is classified as a non-expendable trust fund. Other trust funds are classified as expendable. Funds for which the Village is acting in an agency capacity are classified as agency funds.

Expendable Trust Fund:

Income Tax Fund - This fund receives tax collections from village residents who work or reside in the village, or people who work in the village based on one percent of their gross wages.

Agency Fund:

Mayor's Court Fund - This fund receives monies for court fees, fines, and forfeitures. These collections are remitted to the Village and the State of Ohio on a monthly basis.

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (continued)

Enterprise Funds

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

Water and Sewer Funds – These funds are used to account for proceeds from water and sewer operations. The revenue is to be used to maintain plant operations and for water and sewer improvements.

Sewer Assessment Fund – This fund's revenue is derived from a monthly assessment on customers. The revenue is used for payment of debt and for maintenance of the sewer plant.

E. Budgetary Process

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

Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Appropriation lapse at year-end.

Estimated Resources

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

Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made.

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

Village of Saint Paris
Notes to Financial Statements
December 31, 1999 and 1998

1. **Summary of Significant Accounting Policies (Continued)**

G. Unpaid Vacation and Sick Leave

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

2. **Equity in Pooled Cash and Investments**

The Village maintains a cash and investments pool used by all funds. The Ohio Revised code prescribes allowable deposits and investments. The carrying amount of cash and investments at December 31 was as follows:

	1999	1998
Demand Deposits	\$819,564	\$649,573
Certificates of Deposit	<u>105,000</u>	<u>231,000</u>
Total deposits and investments	<u>\$924,564</u>	<u>\$880,573</u>

Deposits:

Deposits are either (1) insured by the Federal Depository Insurance Corporation or (2) covered by specific collateral held by third party trustees.

3. **Budgetary Activity**

Budgetary activity for the year ending December 31, 1999, was as follows:

1999 Budgeted vs. Actual Receipts

Fund Type	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 396,848	\$ 470,858	\$ 74,010
Special Revenue	257,550	216,983	(40,567)
Capital Project	0	0	0
Enterprise	982,450	718,857	(263,593)
Trust	<u>1,100</u>	<u>237,830</u>	<u>236,730</u>
Total	<u>\$1,637,948</u>	<u>\$1,644,528</u>	<u>\$ 6,580</u>

Village of Saint Paris
Notes to Financial Statements
December 31, 1999 and 1998

3. Budgetary Activity (continued)

1999 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 450,016	\$ 405,986	\$ 44,030
Special Revenue	395,051	194,096	200,955
Capital Project	0	0	0
Enterprise	1,366,333	828,433	537,900
Trust	1,450	0	1,450
Total	<u>\$1,891,586</u>	<u>\$1,051,282</u>	<u>\$784,335</u>

Budgetary activity for the year ending December 31, 1998, was as follows:

1998 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 373,528	\$ 383,534	\$ 10,006
Special Revenue	288,190	241,198	(46,992)
Capital Project	465,000	10,000	(455,000)
Enterprise	440,000	318,746	(121,251)
Trust	0	237,423	237,423
Total	<u>\$1,566,718</u>	<u>\$1,190,901</u>	<u>(\$375,817)</u>

1998 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 455,051	\$ 387,753	\$ 67,298
Special Revenue	367,478	254,662	112,816
Capital Project	465,000	10,000	455,000
Enterprise	904,980	372,151	532,829
Trust	1,029	680	349
Total	<u>\$2,193,538</u>	<u>\$1,025,246</u>	<u>\$1,168,292</u>

Village of Saint Paris
Notes to Financial Statements
December 31, 1999 and 1998

4. Property Tax

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by the Village Council. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. *Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts.* Payments are due to the county by December 31. If the property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20.

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

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

5. Debt

Debt outstanding at December 31, 1998 was as follows:

	Principal	Interest Rate
OWDA Water Pollution Control Loan	\$ 777,804	3.05%
OWDA Huffman Drive Storm Sewer Loan	\$ 111,035	0.00%

Debt outstanding at December 31, 1999 was as follows:

	Principal	Interest Rate
OWDA Water Pollution Control Loan	\$ 716,756	3.05%
OWDA Huffman Drive Storm Sewer Loan	\$ 103,405	0.00%

The Ohio Water Development Authority (OWDA) Loans were for the Sewer Plant Project and the Huffman Ditch project. Principal and interest installments are paid semiannually.

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

Year Ending December 31	OWDA Water Pollution Control Loan	OWDA Huffman Drive Storm Sewer Loan
2000	77,724	7,630
2001	77,724	7,630
2002	77,724	7,630
2003-2007	388,620	38,150
2008-2013	<u>233,172</u>	<u>38,150</u>
	<u>\$ 854,964</u>	<u>\$ 99,190</u>

6. Retirement Systems

The Village's law enforcement officers belong to either the Police & Firemen's Disability & Pension Funds (FPDPF) or the Public Employees Retirement System (PERS). Other full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PFDPF and PERS are cost sharing, multiple-employer plans. These plans provide retirement benefits, including post retirement health care, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 1999 and 1998, members of PFDPF contributed 10% of their wages to the PFDPF. The Village contributed an amount equal to 19.5% of their wages. PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries. The Village has paid all contributions required through December 31, 1999.

7. Risk Management

Property and Liability

The Village has obtained insurance from the Ohio Municipal League Risk Management Plan for the following risks:

- General liability
- Auto liability & Auto Physical Damage
- Law Enforcement
- Property Coverage
- Public Officials Liability

Workers' Compensation

For fiscal year 1999 and 1998, the Village participated in the Ohio Municipal League Workers' Compensation Group Rating Program (GRP), and insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the Village by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating municipalities is calculated as one experience and a common premium rate is applied to all municipalities in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund."

This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to municipalities that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

Village of Saint Paris
Notes to Financial Statements
December 31, 1999 and 1998

7. Risk Management (continued)

Health Insurance

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

8. Custodians of Other Village Assets

The following funds are maintained by custodians, as legally required. These assets, and the related receipts and disbursements, are not reflected in the accompanying financial statements.

Deferred Compensation Assets

Certain employees may elect to participate in the Ohio Deferred Compensation Program (the Program). Amounts withheld from these employees are tax deferred, and are invested by the Program, as directed by the employees. At December 31, 1999, the Program held \$42, 142 in deferred compensation.

9. Legal Compliance

Section 5705.41 (B), Revised Code, states that no subdivision shall make any expenditure of money unless it has been lawfully appropriated as provided in such chapter. The following funds had expenditures plus encumbrances materially in excess of appropriations, at the legal level of budgetary control at December 31, 1999:

	<u>Appropriation</u>	<u>Expenditure Plus Encumbrances</u>	<u>Excess</u>
General Fund			
Security of Persons and Property			
Employee Benefits	\$35,000	\$45,088	\$10,088
General Government Salaries and Wages	1,700	4,130	2,430
Expendable Trust Fund Type			
General Government Taxes refunded	3,000	5,343	2,343
Special Revenue Fund Type			
Solid Waste Fund All Functions and Objects	0	1,580	1,580

Keith O. Applegate, CPA
Kathleen M. Hughes, CPA

Richard R. Taylor, CPA (1931-1998)

Kristi L. Leeth, CPA
Valerie Friley Walker, CPA
Edward K. Jones, CPA, MBA

Report on compliance and on internal control required by Government auditing standards

Honorable Mayor and Village Council
Village of Saint Paris
135 West Main Street
Saint Paris, Ohio 43072

We have audited the financial statements of the Village of Saint Paris, Champaign County, (the Village) as of and for the years ended December 31, 1999, and December 31, 1998, and have issued our report thereon dated April 27, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatements, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statements amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 1999-30311-001 through 1999-30311-008. We also noted certain immaterial instances of noncompliance that we have reported to management of Village in a separate letter dated April 27, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Village's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings as items 1999-30311-009 through 1999-30311-011.

Village of Saint Paris

Report of Compliance and on Internal Control Required by Government Auditing Standards

Page 2

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider item 1999-30311-011 to be a material weakness. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, which we have reported to management of the Village in a separate letter dated April 27, 2000.

This report is intended for the information and use of the Village council and management, and is not intended to be and should not be used by anyone other than these specified parties.

Taylor, Applegate, Hughes + Assoc Ltd.

Taylor, Applegate, Hughes and Associates, Ltd.
April 27, 2000

VILLAGE OF SAINT PARIS
SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 1999, AND DECEMBER 31, 1998

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

MATERIAL NONCOMPLIANCE

Finding Number	1999-30311-001
----------------	----------------

Ohio Rev. Code Section 117.38 requires that cash-basis entities file annual reports with the Auditor of State within 90 days of the fiscal year end.

The Village failed to file the 1998 annual report in a timely manner.

The Village Clerk should prepare the annual report as required and the Village Council should review the report for accuracy and monitor the activity of the Clerk to determine that filing deadlines are met.

Client Response: It has been filed and 1999 filed to date.

Finding Number	1999-30311-002
----------------	----------------

The Ohio Administrative Code Section 117-5-10 requires that each village maintain a receipts ledger which shall contain a separate sheet for each account established by the village. Each village shall post to each receipts account the estimated amount of money to be received into the account as specified by the county budget commission in its official estimate of balances and receipts set forth in the certificate of estimated resources.

The Village failed to properly maintain a receipts ledger. The ledger was reconstructed for 1998, sometime in 1999 and 2000.

The village should maintain a receipts ledger. Posting to this ledger should be made on a regular basis and include sufficient detail so that material errors and/or omissions will be detected in a timely manner. Balances of estimated resources should be entered and budgetary information from this ledger should be monitored regularly by both the Clerk and Council.

Client Response: Rebuilding of 1998 receipts ledger has been accomplished and we will be on the UAN system 6/1/00.

VILLAGE OF SAINT PARIS
SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 1999, AND DECEMBER 31, 1998

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)
--

Finding Number	1999-30311-003
-----------------------	----------------

The Ohio Administrative Code Section 117-5-13 requires that each village initiate a purchase order, which shall be numbered consecutively and certified by the Village Clerk that funds are available or in the process of collection free from a previous encumbrance. Each encumbrance charged against an appropriation shall be posted and subtracted from the appropriated balance producing a declining unencumbered balance.

The Village failed to properly maintain an appropriations ledger. The 1998 appropriations ledger was reconstructed sometime in 1999 and 2000.

The Village should maintain an appropriations ledger, which follows the encumbrance method of accounting. Budgetary information from this ledger should be regularly monitored by both the Clerk and Council.

Client Response: Proper records are now being maintained after reconstructing of 1998 and 1999 records.

Finding Number	1999-30311-004
-----------------------	----------------

The Ohio Administrative Code Section 117-5-13 requires each village to initiate a purchase order, which shall be numbered consecutively and certified by the Village Clerk that funds are available or in the process of collection free from a previous encumbrance. Each encumbrance charged against an appropriation shall be posted and subtracted from the appropriated balance producing a declining unencumbered balance.

The Village did not use the encumbrance method of accounting. Purchase orders were not used and expenditures were not charged against appropriations and subtracted from the appropriated balance until sometime in 1999. This condition did not allow expenditures to be compared to appropriations at the legal level of control resulting in expenditures exceeding authorized appropriations in certain accounts.

The Village should maintain an appropriations ledger which follows the encumbrance method of accounting. Budgetary information from this ledger should be regularly monitored by both the Clerk and Council.

Client Response: The encumbrance method of accounting will be used

VILLAGE OF SAINT PARIS
SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 1999, AND DECEMBER 31, 1998

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

Finding Number	1999-30311-005
-----------------------	----------------

The Ohio Administrative Code Section 117-5-09 requires that each village record each expenditure of village money and each receipt of village money in a cash journal.

The Village failed to maintain a cash journal. The journal was reconstructed sometime in 1999 and 2000.

The Village should maintain a cash journal. Postings should be made on a regular basis and include sufficient detail so that material errors and/or omissions will be detected in a timely manner.

Client Response: Proper records are now being maintained after reconstructing of 1998 and 1999 records.

Finding Number	1999-30311-006
-----------------------	----------------

Ohio Rev. Code Section 5705.14 prohibits transfers from one fund of a subdivision to any other fund unless certain conditions are met.

The Villages opening fund balances as of January 1, 1998 of the General fund, Special Revenues Funds, Fiduciary Funds and Proprietary Funds did not agree with the closing fund balances as of December 31, 1997. These balances differed as follows: General Fund -\$2382, Special Revenues, +\$8,993, Fiduciary \$1,000 and Proprietary -\$4,543.

All fund balances should be kept separate and should be reconciled from year to year. Transfer, when legally allowed, should be approved by the council.

Client response: There were outstanding checks from 1997 that did not allow these funds to match up.

VILLAGE OF SAINT PARIS
SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 1999, AND DECEMBER 31, 1998

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

Finding Number	1999-30311-007
-----------------------	----------------

26 C.F.R. 31.6151-1 requires that income tax withheld and both the employer and employee Social Security and Medicare taxes be remitted on monthly basis by the 15th day of the month following the month wages were earned. Ohio Rev. Code Section 145.47 required that the fiscal officer of each local authority subject to this chapter, transmit promptly to the secretary of the Public Employees Retirement Board (PERS) a report of all contributions at such intervals and in such form as the board shall require, showing thereon all deductions for the public employees retirement system made from the earned salary of each contributor employed, together with warrants or checks covering the total of such deductions. Ohio Rev. Code Section 742.35 states the reporting and remittance requirements for the Police and Firemen's Disability and Pension Fund (PFDPF).

Payroll tax deposits and payments and retirement account payments for employees were not paid in a timely manner resulting in penalties to the Village. These payments were still being made in the year 2000 for years 1998 and 1999.

Village officials should review the payment schedule required for tax payments and retirement funds and check that payments they are approving include these amounts.

Client Response: This is now being done.

Finding Number	1999-30311-008
-----------------------	----------------

Ohio Rev. Code Section 507.04 requires that cash disbursements be officially approved by the Village Council.

Some of the cash disbursements are not getting official approval by the Village Council. Late vouchers that missed approval at the Council session and are written late in the month (usually for routine expenditure) are not being added to the next month's agenda for approval.

The Clerk should review all the past month's expenditures for council approval and add any that were missed to the next month's approval list.

Client Response: This is now being checked very carefully.

VILLAGE OF SAINT PARIS
SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 1999, AND DECEMBER 31, 1998

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

REPORTABLE CONDITIONS/MATERIAL WEAKNESSES

Finding Number	1999-30311-009
-----------------------	----------------

The Village failed to perform monthly reconciliations of the general account from January 1998 through December 1998.

Failure to perform monthly reconciliations increases the risk that errors and/or omissions will go undetected.

The Village should reconcile bank statements and investment balances with the cashbook balance to ensure that the amounts correspond, and that the balance of the cashbook includes all active and invested money under the control of the Village. Further, Council should review the monthly reconciliations to monitor that they are being performed and that reconciling items are cleared in a timely manner.

Client Response: This is now being done.

Finding Number	1999-30311-010
-----------------------	----------------

As recommended in the prior audit, a finance committee should have been appointed, to periodically review monthly financial statements, to determine that proper procedures are being followed and that the bank reconciliations and the cashbook support the statements submitted. However, there was not indication that the committee performed the following:

1. Reconcile the bank statements and investment balances with the cashbook balance to ensure that the amounts correspond, and that the balance of the cashbook includes all active and invested money under the control of the Village.
2. Review the following month's bank statement to verify that the prior month's reconciling items, such as deposits-in-transit and outstanding checks were accurately stated.
3. Verify that the cashbook and receipt and appropriation ledgers are in agreement.
4. Review billings from the retirement systems, payroll withholdings, utilities and invoices from other major vendors to ensure that the obligations of the Village are being paid in a timely manner.

In addition to performing such a review, the official's signatures or initials should be affixed to the documents, or other evidence should be retained documenting such reviews were performed.

Client response: The committee is appointed by the mayor and meetings have been scheduled.

VILLAGE OF SAINT PARIS
SCHEDULE OF FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 1999, AND DECEMBER 31, 1998

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

Finding Number	1999-30311-0011
-----------------------	-----------------

Reconciling the bank statement with MTD Financial report validates all cash received and billing reports from the Water Department.

The Water Department runs their monthly reports of the 24th of the month which is their billing cutoff date. They are supposed to run their MTD Financial Summary Report on the last day of the month so that the Treasurer's Office can reconcile the Bank Statement. There was no documentation that this was being done, although the Treasurer's Office agreed they were getting the report from the Water Department. Treasurer's Office was not keeping this report with the bank reconciliation.

The ideal situation would be to create a separate depository bank account for Water that transfers automatically to the General Account. Without this the MTD Financial Report should be maintained as part of the Bank Reconciliation. Documentation should reconcile amounts deposited from the Water Department into the Bank per month with amounts on the MTD Financial Report.

This will ensure early detection of any bank errors, misrepresentation of Water Department Reports, or misuse of Water Department funds.

Client Response: This is now being done.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

VILLAGE OF SAINT PARIS

CHAMPAIGN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
OCTOBER 3, 2000