

VILLAGE OF ST. HENRY
MERCER COUNTY, OHIO

Financial Statements
(Audited)

For The Years Ended
December 31, 1999 and 1998

TRIMBLE, JULIAN & GRUBE, INC.

TJG

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

Financial Statements
(Audited)

For The Years Ended
December 31, 1999 and 1998

RUTH MILLER, CLERK/TREASURER

VILLAGE OF ST. HENRY
MERCER COUNTY, OHIO

TABLE OF CONTENTS

	<u>PAGE</u>
Independent Auditor's Report	1
Combined Statement of Cash Fund Balances - All Fund Types - 1999 and 1998	2
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Cash Fund Balances - All Governmental Fund Types - 1999	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Cash Fund Balances - All Proprietary Fund Types and Similar Fiduciary Fund Type - 1999	4
Combined Statement of Cash Receipts, Cash Disbursements, and Encumbrances Compared with Expenditure Authority - Budget and Actual - 1999	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Cash Fund Balances - All Governmental Fund Types - 1998	6
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Cash Fund Balances - All Proprietary Fund Types and Similar Fiduciary Fund Type - 1998	7
Combined Statement of Cash Receipts, Cash Disbursements, and Encumbrances Compared with Expenditure Authority - Budget and Actual - 1998	8
Notes to the Financial Statements	9 - 20
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i> ...	21 - 22



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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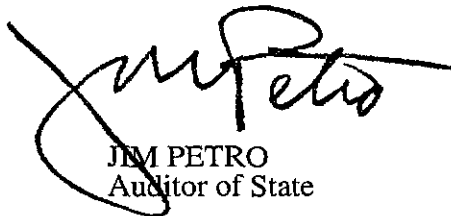
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Members of Council and Mayor
Village of St. Henry, Mercer County
371 North Linn Street
St. Henry, Ohio 45883

We have reviewed the Independent Auditor's Report of the Village of St. Henry, Mercer County, prepared by Trimble, Julian & Grube, Inc., for the audit period January 1, 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.

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



JIM PETRO
Auditor of State

June 23, 2000

TRIMBLE, JULIAN & GRUBE, INC.

"SERVING OHIO LOCAL GOVERNMENTS"

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Independent Auditor's Report

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

We have audited the accompanying financial statements of the Village of St. Henry, Mercer County, as of and for the years ended December 31, 1999 and 1998. These financial statements are the responsibility of the Village of St. Henry's management. Our responsibility is to express an opinion on these financial statements based on our audit.

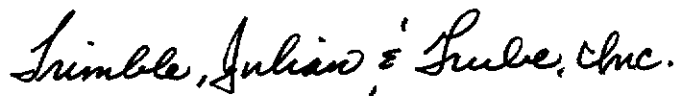
We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable 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 2, the Village of St. Henry prepares its financial statements on the basis of accounting prescribed or permitted by Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined cash balances and fund balances of the Village of St. Henry, as of December 31, 1999 and 1998, and its combined cash receipts and disbursements, combined budgeted and actual receipts and budgeted and actual disbursements and encumbrances for the years then ended on the basis of accounting described in Note 2.

In accordance with *Government Auditing Standards*, we have also issued a report dated May 11, 2000, on our consideration of the Village of St. Henry's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

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



Trimble, Julian & Grube, Inc.
May 11, 2000

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

COMBINED STATEMENT OF FUND BALANCES
ALL FUND TYPES - CASH BASIS
DECEMBER 31, 1999 AND 1998

<u>Cash</u>	<u>1999</u>	<u>1998</u>
Cash and Cash Equivalents	\$ 256,448	\$ 249,724
Total Cash and Cash Equivalents	<u>\$ 256,448</u>	<u>\$ 249,724</u>
 <u>Fund Balances</u>		
<u>Governmental Funds:</u>		
General Fund	\$ 26,662	\$ 35,066
Special Revenue Funds	145,012	79,140
Capital Projects Fund	<u>3,589</u>	<u>3,234</u>
Total Governmental Funds	<u>175,263</u>	<u>117,440</u>
 <u>Proprietary Funds:</u>		
Enterprise Funds	<u>81,185</u>	<u>132,284</u>
Total Fund Balances	<u>\$ 256,448</u>	<u>\$ 249,724</u>

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

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

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

	Governmental Fund Types				Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Cash receipts:					
Local taxes	\$ 49,910	\$ 421,655			\$ 471,565
Intergovernmental	84,684	71,757		\$ 110,591	267,032
Fines, licenses, and permits	11,034				11,034
Interest	6,376	676			7,052
Charges for services		28,054			28,054
Special assessments				5,040	5,040
Miscellaneous	9,368				9,368
Total cash receipts	<u>161,372</u>	<u>522,142</u>	<u>-</u>	<u>115,631</u>	<u>799,145</u>
Cash disbursements:					
Current:					
Security of persons and property	121,189	11,670			132,859
Public health services	4,650				4,650
Leisure time activities		58,129			58,129
Transportation	33,716	78,299			112,015
General government	16,700	150,439			167,139
Capital outlay	24,801	117,528		139,988	282,317
Debt service:					
Principal retirement			\$ 174,000	4,286	178,286
Interest charges			23,704	399	24,103
Total cash disbursements	<u>201,056</u>	<u>416,065</u>	<u>197,704</u>	<u>144,673</u>	<u>959,498</u>
Total cash receipts over/(under) cash disbursements	<u>(39,684)</u>	<u>106,077</u>	<u>-</u>	<u>(29,042)</u>	<u>(160,353)</u>
Other financing receipts/(disbursements):					
Sale of assets	31,280				31,280
Transfers-in		31,105	197,704	29,397	258,206
Transfers-out		(71,310)			(71,310)
Total other financing receipts/(disbursements)	<u>31,280</u>	<u>(40,205)</u>	<u>197,704</u>	<u>29,397</u>	<u>218,176</u>
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements	<u>(8,404)</u>	<u>65,872</u>	<u>-</u>	<u>355</u>	<u>57,823</u>
Cash fund balances, January 1, 1999	<u>35,066</u>	<u>79,140</u>	<u>-</u>	<u>3,234</u>	<u>117,440</u>
Cash fund balances, December 31, 1999	<u>\$ 26,662</u>	<u>\$ 145,012</u>	<u>\$ -</u>	<u>\$ 3,589</u>	<u>\$ 175,263</u>

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

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

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENT, AND CHANGES IN CASH
FUND BALANCES - ALL PROPRIETARY FUND TYPES AND SIMILAR FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 1999**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Total (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating cash receipts:			
Charges for services	\$ 693,297	_____	\$ 693,297
Total operating cash receipts	<u>693,297</u>	<u>-</u>	<u>693,297</u>
Operating cash disbursements:			
Personal services	198,319	_____	198,319
Contractual services	253,870	_____	253,870
Supplies and material	98,733	_____	98,733
Total operating cash disbursements	<u>550,922</u>	<u>-</u>	<u>550,922</u>
Operating income	<u>142,375</u>	<u>-</u>	<u>142,375</u>
Nonoperating cash receipts/(disbursements):			
Fines	_____	\$ 1,773	1,773
Fine disbursements	_____	(1,773)	(1,773)
Debt Service:			
Principal	(6,578)	_____	(6,578)
Total nonoperating cash receipts/(disbursements)	<u>(6,578)</u>	<u>-</u>	<u>(6,578)</u>
Excess of receipts over disbursements before interfund transfers	<u>135,797</u>	<u>-</u>	<u>135,797</u>
Transfers-out	(186,896)	_____	(186,896)
Total transfers	<u>(186,896)</u>	<u>-</u>	<u>(186,896)</u>
Net receipts under disbursements after interfund transfers	(51,099)	-	(51,099)
Cash fund balances, January 1, 1999	<u>132,284</u>	<u>-</u>	<u>132,284</u>
Cash fund balances, December 31, 1999	<u>\$ 81,185</u>	<u>-</u>	<u>\$ 81,185</u>

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

VILLAGE OF ST. HENRY
MERCER COUNTY, OHIO

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND ENCUMBRANCES COMPARED WITH EXPENDITURE
AUTHORITY - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 1999

Fund Types	Receipts			Disbursements					Variance Favorable (Unfavorable)	
	Budget	Actual 1999 Receipts	Variance Favorable (Unfavorable)	Prior Year Carryover Appropriations	1999 Appropriations	Total	Actual 1999 Disbursements	Encumbrances Outstanding at 12/31/99		Total
Governmental:										
General	\$ 193,875	\$ 192,652	\$ (1,223)	\$ 573	\$ 223,650	\$ 224,223	\$ 201,056		\$ 201,056	\$ 23,167
Special Revenue	514,570	553,247	38,677	1,462	570,779	572,241	487,375	\$ 346	487,721	84,520
Debt Service	197,704	197,704	-		197,704	197,704	197,704		197,704	-
Capital Projects	192,221	145,028	(47,193)		164,966	164,966	144,673		144,673	20,293
Proprietary:										
Enterprise	648,000	693,297	45,297	2,903	768,396	771,299	744,396	410	744,806	26,493
Total (Memorandum Only)	\$ 1,746,370	\$ 1,781,928	\$ 35,558	\$ 4,938	\$ 1,925,495	\$ 1,930,433	\$ 1,775,204	\$ 756	\$ 1,775,960	\$ 154,473

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

VILLAGE OF ST. HENRY
MERCER COUNTY, OHIO

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

	Governmental Fund Types				Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Cash receipts:					
Local taxes	\$ 47,277	\$ 378,476			\$ 425,753
Intergovernmental	102,809	74,927			177,736
Fines, licenses, and permits	8,810			\$ 23,000	31,810
Interest	6,198	620			6,818
Charges for services		22,715			22,715
Special assessments				8,884	8,884
Refunds	14,303				14,303
Rent		431			431
Miscellaneous	5,588	2,925			8,513
Total cash receipts	<u>184,985</u>	<u>480,094</u>	<u>-</u>	<u>31,884</u>	<u>696,963</u>
Cash disbursements:					
Current:					
Security of persons and property	114,084				114,084
Public health services	4,404				4,404
Leisure time activities		57,280			57,280
Transportation	11,037	74,304		42,798	128,139
General government	41,781	177,001			218,782
Capital outlay	207,521	165,499			373,020
Debt service:					
Principal retirement			\$ 184,000	5,046	189,046
Interest charges			29,426	806	30,232
Total cash disbursements	<u>378,827</u>	<u>474,084</u>	<u>213,426</u>	<u>48,650</u>	<u>1,114,987</u>
Total cash receipts over/(under) cash disbursements	<u>(193,842)</u>	<u>6,010</u>	<u>(213,426)</u>	<u>(16,766)</u>	<u>(418,024)</u>
Other financing receipts/(disbursements):					
Sale of assets	197,060				197,060
Transfers-in		30,797	213,426	19,798	264,021
Transfers-out		(72,453)			(72,453)
Total other financing receipts/(disbursements)	<u>197,060</u>	<u>(41,656)</u>	<u>213,426</u>	<u>19,798</u>	<u>388,628</u>
Excess of cash receipts and other financing receipts over/(under) cash disbursements and other financing disbursements	3,218	(35,646)	-	3,032	(29,396)
Cash fund balances, January 1, 1998	<u>31,848</u>	<u>114,786</u>	<u>-</u>	<u>202</u>	<u>146,836</u>
Cash fund balances, December 31, 1998	<u>35,066</u>	<u>\$ 79,140</u>	<u>\$ -</u>	<u>\$ 3,234</u>	<u>\$ 117,440</u>

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

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

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENT, AND CHANGES IN CASH
FUND BALANCES - ALL PROPRIETARY FUND TYPES AND SIMILAR FIDUCIARY FUND TYPE
FOR THE YEAR ENDED DECEMBER 31, 1998**

	Proprietary Fund Type	Fiduciary Fund Type	Total
	Enterprise	Agency	(Memorandum Only)
Operating cash receipts:			
Charges for services	\$ 667,189		667,189
Miscellaneous	3,600		3,600
Total operating cash receipts	670,789	-	670,789
Operating cash disbursements:			
Personal services	178,611		178,611
Contractual services	103,381		103,381
Supplies and material	103,402		103,402
Capital outlay	59,909		59,909
Total operating cash disbursements	445,303	-	445,303
Operating income	225,486	-	225,486
Nonoperating cash receipts/(disbursements):			
Fines collected		\$ 835	835
Fines disbursed		(835)	(835)
Debt service:			
Principal	(13,157)		(13,157)
Total nonoperating cash receipts/(disbursements)	(13,157)	-	(13,157)
Excess of receipts over disbursements before interfund transfers	212,329	-	212,329
Transfers-out	(191,568)		(191,568)
Total transfers	(191,568)	-	(191,568)
Net receipts over disbursements after interfund transfers	20,761	-	20,761
Cash fund balances, January 1, 1998 - restated	111,523	-	111,523
Cash fund balances, December 31, 1998	\$ 132,284	\$ -	\$ 132,284

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

VILLAGE OF ST. HENRY
MERCER COUNTY, OHIO

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND ENCUMBRANCES COMPARED WITH EXPENDITURE
AUTHORITY - BUDGET AND ACTUAL
FOR THE YEAR ENDED DECEMBER 31, 1998

Fund Types	Receipts			Disbursements					Variance Favorable (Unfavorable)	
	Budget	Actual 1998 Receipts	Variance Favorable (Unfavorable)	Prior Year Carryover Appropriations	1998 Appropriations	Total	Actual 1998 Disbursements	Encumbrances Outstanding at 12/31/98		Total
Governmental:										
General	\$ 385,242	\$ 382,045	\$ (3,197)	\$ 2,698	\$ 409,150	\$ 409,150	\$ 378,827	\$ 573	\$ 379,400	\$ 29,750
Special Revenue	461,724	510,891	49,167		572,222	574,920	546,537	1,462	547,999	26,921
Debt Service	213,426	213,426			213,426	213,426	213,426		213,426	
Capital Project	52,798	51,682	(1,116)		53,000	53,000	48,650		48,650	4,350
Proprietary:										
Enterprise	633,000	670,789	37,789	822	732,068	732,890	690,028	2,903	652,931	79,959
Total	\$ 1,746,190	\$ 1,828,833	\$ 82,643	\$ 3,520	\$ 1,979,866	\$ 1,983,386	\$ 1,837,468	\$ 4,938	\$ 1,842,406	\$ 140,980

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

VILLAGE OF ST. HENRY
MERCER COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998

NOTE 1 - DESCRIPTION OF THE ENTITY

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

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. BASIS OF PRESENTATION - FUND ACCOUNTING

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

GOVERNMENTAL FUNDS

General Fund

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

Special Revenue Funds

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

VILLAGE OF ST. HENRY
MERCER COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998

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

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.

State Highway Fund - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining, and repairing Village state highways.

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

Debt Service Funds

These funds are used to accumulate resources for the payment of indebtedness.

Sewer Mortgage Revenue Bond Retirement Fund - This fund is used to improve and extend the municipal sewer system. Sewer user fees are used to pay this debt.

Water Revenue Bond Retirement Fund - This fund is used to improve and extend the municipal water system. Water user fees are used to pay this debt.

Capital Projects Funds

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

Street Program Grant Construction - This fund receives monies for the street construction grant project.

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:

VILLAGE OF ST. HENRY
MERCER COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998

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

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

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

Fiduciary Funds/Agency Funds

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

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

B. BASIS OF ACCOUNTING

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

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

**VILLAGE OF ST. HENRY
MERCER COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998**

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

C. BUDGETARY PROCESS

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds are legally required to be budgeted and appropriated. The primary level of budgetary control is at the item level within each fund. Any budgetary modifications at this level may only be made by resolution of the Village's Council.

Tax Budget:

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

Estimated Resources:

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

VILLAGE OF ST. HENRY
MERCER COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998

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

Appropriations:

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

Encumbrances:

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

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be reappropriated. There were outstanding encumbrances at December 31, 1999 and 1998.

D. CASH AND CASH EQUIVALENTS

For reporting purposes, the Village considers "Cash and Cash Equivalents" to be cash on hand, demand deposits, and all investments held by the Village with a maturity date less than or equal to three months from the date of purchase. Interest income earned and received by the Village totaled \$7,052 and \$6,818 for the years ended December 31, 1999 and 1998, respectively.

E. PROPERTY, PLANT AND EQUIPMENT

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

**VILLAGE OF ST. HENRY
MERCER COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998**

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

F. INTERGOVERNMENTAL REVENUES

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

G. TOTAL COLUMNS ON FINANCIAL STATEMENTS

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

The following prior period adjustment is required to properly state fund balances at January 1, 1998 due to a reporting error in 1997:

	<u>Enterprise</u>
Fund balance as previously reported	\$137,837
Prior period adjustment	<u>(26,314)</u>
Restated fund balance at January 1, 1998	<u>\$111,523</u>

NOTE 4 - CASH AND CASH EQUIVALENTS

The Village maintains individual cash balances in bank accounts and short-term cash equivalents classified as "Cash and Cash Equivalents" on the Statement of Fund Balances.

A. LEGAL REQUIREMENTS

Statutes require the classifications of funds held by the Village into two categories:

VILLAGE OF ST. HENRY
MERCER COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998

NOTE 4 - CASH AND CASH EQUIVALENTS - (Continued)

Category 1 consists of active funds - those funds required to be kept in a cash or cash equivalent status for immediate use by the Village. Such funds must be maintained either as cash in the Village treasury or in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts.

Category 2 consists of inactive funds - those funds not required for use within the current two year period of designation of depositories. Inactive funds may be deposited or invested only as certificates of deposit maturing no later than the end of the current period of designation of depositories.

Inactive funds may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any Federal government agency, or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio).

**VILLAGE OF ST. HENRY
MERCER COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998**

NOTE 4 - CASH AND CASH EQUIVALENTS - (Continued)

The Village may also invest any monies not required to be used for a period of six months or more in the following:

1. Bonds of the State of Ohio;
2. Bonds of any municipal corporation, village, county, township, or other political subdivision of this State, as to which there is no default principal, interest or coupons;
3. Obligations to the Village.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. Historically, the Village has not purchased these types of investments or issued these types of notes. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the Village and must be purchased with the expectation that it will be held to maturity.

B. DEPOSITS

The Village maintains a cash and investment pool used by all funds. The Ohio Revised Code prescribes allowable deposits and investments. The Village did not own investments at December 31, 1999 or 1998. The carrying amount of cash at December 31 was as follows:

	<u>1999</u>	<u>1998</u>
Demand Deposits	<u>\$256,448</u>	<u>\$249,724</u>
Total Deposits	<u>\$256,448</u>	<u>\$249,724</u>

Deposits are either: 1) insured by the Federal Depository Insurance Corporation, 2) collateralized by securities specifically pledged by the financial institution to the Village, or 3) collateralized by the financial institution's public entity deposit pool.

VILLAGE OF ST. HENRY
MERCER COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998

NOTE 4 - CASH AND CASH EQUIVALENTS - (Continued)

For the years ended December 31, 1999 and 1998, the carrying amount of the Village's deposits, were \$256,448 and \$249,724, and the bank balance was \$290,897 and \$256,287, respectively. Of the bank balance:

1. \$100,000 was covered by federal depository insurance for both 1999 and 1998.
2. \$190,897 and \$156,287 was covered by collateral held by third party trustees pursuant to Section 135.181, Revised Code, in collateral pools securing all public funds on deposit with specific depository institutions for 1999 and 1998, respectively.

Ohio Revised Code Chapter 135, Uniform Depository Act, authorizes pledging of pooled securities in lieu of pledging specific securities. Specifically, a designated public depository may pledge a single pool of eligible securities to secure the repayment of all public monies deposited in the financial institution, provided that at all times the total value of the securities so pledged is at least equal to 110% of the total amount of all public deposits secured by the pool, including the portion of such deposits covered by any federal deposit insurance.

NOTE 5 - PROPERTY TAX

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

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.

VILLAGE OF ST. HENRY
MERCER COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998

NOTE 6 - DEBT OBLIGATIONS

At December 31, 1999, debt obligations consisted of the following issuances:

<u>Description</u>	<u>Balance at December 31, 1999</u>
1992 Water System Improvement Bonds, due in annual installments of varying amounts through 2001 at an average rate of 6.07%.	\$152,000
1995 Ohio Public Works Commission (OPWC) Water Treatment Plant Expansion Loan, due in semiannual payments of \$3,875 through 2015, interest free.	120,125
1994 Ohio Public Works Commission (OPWC) Main Street Water Line Loan, due in semiannual payments of \$2,703 through 2013, interest free.	75,696
1995 Land Purchase Note due in annual installments of varying amounts through 2000 at a rate of 6%.	10,000
1997 Washington and Columbus Street Special Assessment Note, due in semiannual installments of varying amounts through 2000 at a rate of 5%.	<u>4,219</u>
Total debt obligations at December 31, 1999	<u>\$362,040</u>

VILLAGE OF ST. HENRY
MERCER COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998

NOTE 6 - DEBT OBLIGATIONS - (Continued)

The principal and interest requirements to retire the debt obligations outstanding at December 31, 1999, are as follows:

Year Ending December 31,	General Obligation Improvement Bonds		OPWC Loan - 1995	OPWC Loan - 1994
	Principal	Interest	Principal	Principal
2000	\$ 74,000	\$ 9,730	\$ 7,750	\$ 5,407
2001	78,000	5,031	7,750	5,407
2002			7,750	5,407
2003			7,750	5,407
2004			7,750	5,407
2005 - 2015			<u>81,375</u>	<u>48,661</u>
TOTALS	<u>\$152,000</u>	<u>\$14,761</u>	<u>\$120,125</u>	<u>\$75,696</u>

Year Ending December 31,	Real Estate Note		Special Assessment Notes		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2000	\$10,000	\$ 58	\$4,219	\$228	\$101,376	\$10,016
2001					91,157	5,031
2002					13,157	
2003					13,157	
2004					13,157	
2005 - 2015					<u>130,036</u>	
TOTALS	<u>\$10,000</u>	<u>\$ 58</u>	<u>\$4,219</u>	<u>\$228</u>	<u>\$362,040</u>	<u>\$15,047</u>

NOTE 7 - RETIREMENT SYSTEM

The Village's law enforcement officers belong to the Police & Firemen's Disability & Pension Funds (PFDPF). Other 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 healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

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

VILLAGE OF ST. HENRY
MERCER COUNTY, OHIO
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 1999 AND 1998

NOTE 8 - RISK MANAGEMENT

The Village is insured through the Ohio Government Risk Management Plan. The Plan assumes the risk of loss up to the limits of the Village's policy. The following risks are covered under the plan: Property, Liability, Wrongful Acts, Law Enforcement, Automobile, Bond, Crime, Inland Marine and Automobile Liability, all with various deductibles. Boiler coverage has been obtained through a commercial carrier.

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

NOTE 9 - 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.

Debt Service Trust Fund

The Sewer Plant Expansion and Improvement trust agreement required the Village to establish a debt service fund to be maintained by a custodian bank. The Village has established this fund. At December 31, 1999, the custodian held \$17,513 in Village assets.

NOTE 10 - CONTINGENT LIABILITY

LITIGATION

The Village is currently not involved in litigation.

TRIMBLE, JULIAN & GRUBE, INC.

"SERVING OHIO LOCAL GOVERNMENTS"

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

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

We have audited the financial statements of the Village of St. Henry as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated May 11, 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 of St. Henry's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain instances of noncompliance that we have reported to management of the Village in a separate letter dated May 11, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village of St. Henry's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to the management of the Village of St. Henry in a separate letter dated May 11, 2000.

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

Trimble, Julian & Grube, Inc.

Trimble, Julian & Grube, Inc.
May 11, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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VILLAGE OF ST. HENRY

MERCER COUNTY

CLERK'S CERTIFICATION

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

By: Susan Babbitt

Date: JULY 13, 2000