



Certified Public Accountants, A.C.

**VILLAGE OF SAINT PARIS
CHAMPAIGN COUNTY
Regular Audit
For the Years Ended December 31, 2017 and 2016**

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Dave Yost • Auditor of State

Village Council
Village of St. Paris
135 West Main Street
Saint Paris, Ohio 43072

We have reviewed the *Independent Auditor's Report* of the Village of St. Paris, Champaign County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2016 through December 31, 2017. 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. Paris is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

July 27, 2018

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VILLAGE OF SAINT PARIS
CHAMPAIGN COUNTY

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INDEPENDENT AUDITOR'S REPORT

June 8, 2018

Village of Saint Paris
Champaign County
135 West Main Street;
Saint Paris, OH 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, 2017 and 2016.

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.

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

As described in Note 2 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, 2017 and 2016, and the respective 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 cash balances, receipts and disbursements by fund type, and related notes of the Village of Saint Paris, Champaign County as of December 31, 2017 and 2016, and 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 2.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 8, 2018, 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.



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

**VILLAGE OF SAINT PARIS
CHAMPAIGN COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS AND
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2017**

| | <u>General</u> | <u>Special Revenue</u> | <u>Totals (Memorandum Only)</u> |
|--|--------------------------|----------------------------|---|
| Cash Receipts | | | |
| Property and Other Local Taxes | \$ 32,316 | \$ 61,245 | \$ 93,561 |
| Municipal Income Tax | 334,530 | - | 334,530 |
| Intergovernmental | 42,598 | 128,358 | 170,956 |
| Special Assessments | - | 3,789 | 3,789 |
| Charges for Services | 1,050 | 1,423 | 2,473 |
| Fines, Licenses and Permits | 55,979 | 832 | 56,811 |
| Earnings on Investments | 1,544 | 140 | 1,684 |
| Miscellaneous | 38,345 | 7,789 | 46,134 |
| <i>Total Cash Receipts</i> | <u>506,362</u> | <u>203,576</u> | <u>709,938</u> |
| Cash Disbursements | | | |
| Current: | | | |
| Security of Persons and Property | 255,220 | 1,689 | 256,909 |
| Leisure Time Activities | - | 2,650 | 2,650 |
| Community Environment | 1,316 | 1,661 | 2,977 |
| Transportation | - | 188,820 | 188,820 |
| General Government | 178,024 | 1,903 | 179,927 |
| Debt Service: | | | |
| Principal Retirement | 68,835 | 19,411 | 88,246 |
| Interest and Fiscal Charges | 1,422 | 1,178 | 2,600 |
| <i>Total Cash Disbursements</i> | <u>504,817</u> | <u>217,312</u> | <u>722,129</u> |
| <i>Excess of Receipts Over (Under) Disbursements</i> | <u>1,545</u> | <u>(13,736)</u> | <u>(12,191)</u> |
| Other Financing Receipts | | | |
| Sale of Capital Assets | 108,000 | - | 108,000 |
| <i>Total Other Financing Receipts</i> | <u>108,000</u> | <u>-</u> | <u>108,000</u> |
| <i>Net Change in Fund Cash Balances</i> | 109,545 | (13,736) | 95,809 |
| <i>Fund Cash Balances, January 1</i> | <u>77,217</u> | <u>166,490</u> | <u>243,707</u> |
| Fund Cash Balances, December 31 | | | |
| Restricted | - | 135,870 | 135,870 |
| Assigned | 38,776 | 16,884 | 55,660 |
| Unassigned | 147,986 | - | 147,986 |
| <i>Fund Cash Balances, December 31</i> | <u>\$ 186,762</u> | <u>\$ 152,754</u> | <u>\$ 339,516</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 (REGULATORY CASH BASIS)
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2017**

| | Enterprise | Agency |
|---|---------------------|---------------|
| Operating Cash Receipts | | |
| Charges for Services | \$ 887,787 | \$ - |
| Fines, Licenses and Permits | - | 1,893 |
| | 887,787 | 1,893 |
| <i>Total Operating Cash Receipts</i> | <i>887,787</i> | <i>1,893</i> |
| Operating Cash Disbursements | | |
| Personal Services | 150,334 | - |
| Fringe Benefits | 113,092 | - |
| Contractual Services | 185,784 | - |
| Supplies and Materials | 40,357 | - |
| Other | 3,866 | 1,946 |
| | 493,433 | 1,946 |
| <i>Total Operating Cash Disbursements</i> | <i>493,433</i> | <i>1,946</i> |
| <i>Operating Income (Loss)</i> | <i>394,354</i> | <i>(53)</i> |
| Non-Operating Receipts (Disbursements) | | |
| Miscellaneous Receipts | 5,819 | - |
| Debt Proceeds | 319,108 | - |
| Capital Outlay | (172,881) | - |
| Principal Retirement | (359,046) | - |
| Interest and Other Fiscal Charges | (8,579) | - |
| | (215,579) | - |
| <i>Total Non-Operating Receipts (Disbursements)</i> | <i>(215,579)</i> | <i>-</i> |
| <i>Net Change in Fund Cash Balances</i> | <i>178,775</i> | <i>(53)</i> |
| <i>Fund Cash Balances, January 1</i> | <i>1,238,446</i> | <i>552</i> |
| <i>Fund Cash Balances, December 31</i> | <i>\$ 1,417,221</i> | <i>\$ 499</i> |

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

VILLAGE OF SAINT PARIS
CHAMPAIGN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

Note 1 – Reporting Entity

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

Joint Ventures and Public Entity Risk Pools

The Village participates in a joint venture and a public entity risk pool. Notes 6 and 11 to the financial statements provides additional information for these entities. The Village's management believes these financial statements present all activities for which the Village is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.

Fund Accounting

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

General Fund - The General Fund accounts for and reports all financial resources not accounted for and reported 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 account for and report the proceeds of specific 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 Funds:

Street Construction, Maintenance and Repair Fund – The Street Construction, Maintenance and Repair Fund accounts for and reports that portion of the State gasoline tax and motor vehicle license tax registration fees restricted for construction, maintenance and repair of streets within the Village.

Permissive Motor Vehicle License Fund – The Permissive Motor Vehicle License Fund accounts for and reports permissive motor vehicle license tax registration fees restricted for construction, maintenance and repair of streets within the Village.

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 Operating Fund – The Water Operating Fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

Sewer Operating Fund – The Sewer Operating Fund accounts for the provision of sanitary sewer services to the residents and commercial users located within the Village.

VILLAGE OF SAINT PARIS
CHAMPAIGN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

Note 2 – Summary of Significant Accounting Policies (Continued)

Fiduciary Funds – Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs.

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 account for Mayor's Court activity. The Mayor's Court was closed in 2017.

Basis of Accounting

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 Village 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.

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, and object level of control and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

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

Encumbrances – The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2017 budgetary activity appears in Note 3.

Deposits and Investments

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Capital Assets

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

VILLAGE OF SAINT PARIS
CHAMPAIGN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

Note 2 – Summary of Significant Accounting Policies (Continued)

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.

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:

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

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

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

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

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

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

VILLAGE OF SAINT PARIS
CHAMPAIGN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2017 follows:

| 2017 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|----------------------|--------------------|-----------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$ 585,330 | \$ 614,362 | \$ 29,032 |
| Special Revenue | 211,628 | 203,576 | (8,052) |
| Enterprise | 1,109,000 | 1,212,714 | 103,714 |
| Total | \$ 1,905,958 | \$ 2,030,652 | 124,694 |

| 2017 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|------------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$ 646,953 | \$ 521,631 | \$ 125,322 |
| Special Revenue | 337,349 | 219,338 | 118,011 |
| Enterprise | 1,774,190 | 1,039,353 | 734,837 |
| Total | \$ 2,758,492 | \$ 1,780,322 | \$ 978,170 |

Note 4 - 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:

| | |
|-----------------|--------------|
| | 2017 |
| Demand deposits | \$ 1,757,236 |

Deposits

Deposits are insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool. The financial institution is in the process of joining OPCS; however, at December 31, 2017, the financial institution still maintained its own collateral pool.

Note 5 – Taxes

Property Taxes

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.

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.

VILLAGE OF SAINT PARIS
CHAMPAIGN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

Note 5 – Taxes (Continued)

Income Taxes

The Village levies a municipal income tax of 1% on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

Note 6 – Risk Management

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) (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. Until November 1, 2016, 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. Effective November 1, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% 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 762 members as of December 31, 2016.

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, 2016 (the latest information available):

| | |
|-----------------|---------------------|
| | <u>2016</u> |
| Assets | \$14,765,712 |
| Liabilities | <u>(9,531,506)</u> |
| Members' Equity | <u>\$ 5,234,206</u> |

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

VILLAGE OF SAINT PARIS
CHAMPAIGN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Some of the Village’s employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes this plan’s benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants’ gross salaries. The Village has paid all contributions required through December 31, 2017.

Ohio Police and Fire Retirement System

The Village’s full-time police officers belong to the Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan’s benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F full-time police and firefighter participants contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.5% of full-time police members’ wages. The Village has paid all contributions required through December 31, 2017.

Note 8 – Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 1.0% during calendar year 2017. OP&F contributes 0.5% to fund these benefits.

Note 9 – Debt

Debt outstanding at December 31, 2017 was as follows:

| | Principal | Interest Rate |
|---|------------|---------------|
| First Central National Bank - Water Tower | \$ 281,653 | 4.50% |
| First Central National Bank - Water/Sewer Truck | 22,697 | 2.25% |
| First Central National Bank - Street Truck | 44,120 | 2.25% |
| OPWC #CK10R | 235,730 | 0.00% |
| Total | \$ 584,200 | |

In 2007, the Village obtained a loan for \$582,431 with an interest rate of 5% from First Central National Bank for a Water Tower Project. The Village was approved for \$600,000 and the total drawn was \$582,431. Interest is paid semiannually with annual principal payments of \$30,000 through 2017. A balloon payment of \$300,000 was due May 2017. In April 2017, this loan was refinanced and the amount refinanced was \$319,108. The new interest rate is 4.5%.

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 Village repaid this loan during 2017.

VILLAGE OF SAINT PARIS
CHAMPAIGN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017

Note 9 – Debt (Continued)

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 of \$4,209 due in January and July.

In January 2016, the Village obtained a loan from First Central National Bank to purchase a truck for the street department. The loan was for \$66,582 with an interest rate of 2.25%. The loan requires quarterly principal and interest payments of \$3,530.

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

| Year Ending December 31: | Water Tower | Truck | Street Truck | OPWC |
|--------------------------|-------------------|------------------|------------------|-------------------|
| 2018 | \$ 38,753 | \$ 7,814 | \$ 14,120 | \$ 8,419 |
| 2019 | 38,753 | 7,814 | 14,120 | 8,419 |
| 2020 | 38,753 | 7,814 | 14,120 | 8,419 |
| 2021 | 38,753 | - | 3,530 | 8,419 |
| 2022 | 38,753 | - | - | 8,419 |
| 2023-2027 | 155,012 | - | - | 42,094 |
| 2028-2032 | - | - | - | 42,095 |
| 2033-2037 | - | - | - | 42,094 |
| 2038-2042 | - | - | - | 42,095 |
| 2043-2047 | - | - | - | 25,257 |
| Total | <u>\$ 348,777</u> | <u>\$ 23,442</u> | <u>\$ 45,890</u> | <u>\$ 235,730</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.

| Date | Payment | Principal | Interest | Purchase Option Price |
|-----------|------------------|-----------------|---------------|--------------------------|
| 4/27/2018 | <u>\$ 10,392</u> | <u>\$ 9,841</u> | <u>\$ 551</u> | \$ - |

Note 10 – Lease/Rent Agreement

On December 5, 2011, the Village Council passed Resolution 1155, allowing them to lease/rent 4,000 square feet of storage area to the Village of Saint Paris Water/Sewer Department from the Village of Saint Paris for \$0.50 per square foot for \$24,000 per year with it automatically renewing each year unless Council votes not to renew. The lease agreement will end in 2018.

Note 11 – Jointly Governed Organizations

The JSP Fire District is a jointly governed organization. A five-member Board of Trustees governs the District. One represents the Village; 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.

**VILLAGE OF SAINT PARIS
CHAMPAIGN COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS AND
CHANGES IN FUND BALANCES (REGULATORY CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2016**

| | <u>General</u> | <u>Special Revenue</u> | <u>Totals (Memorandum Only)</u> |
|---|-------------------------|----------------------------|---|
| Cash Receipts | | | |
| Property and Other Local Taxes | \$ 31,975 | \$ 62,264 | \$ 94,239 |
| Municipal Income Tax | 295,174 | - | 295,174 |
| Intergovernmental | 58,682 | 95,179 | 153,861 |
| Special Assessments | - | 4,708 | 4,708 |
| Charges for Services | 1,050 | 862 | 1,912 |
| Fines, Licenses and Permits | 50,604 | 2,557 | 53,161 |
| Earnings on Investments | 1,198 | 221 | 1,419 |
| Miscellaneous | 37,772 | 6,423 | 44,195 |
| <i>Total Cash Receipts</i> | <u>476,455</u> | <u>172,214</u> | <u>648,669</u> |
| Cash Disbursements | | | |
| Current: | | | |
| Security of Persons and Property | 287,243 | 1,960 | 289,203 |
| Leisure Time Activities | - | 4,949 | 4,949 |
| Community Environment | 1,321 | - | 1,321 |
| Transportation | - | 144,845 | 144,845 |
| General Government | 184,293 | 3,803 | 188,096 |
| Capital Outlay | 15,529 | 66,582 | 82,111 |
| Debt Service: | | | |
| Principal Retirement | 7,154 | 15,987 | 23,141 |
| Interest and Fiscal Charges | 2,986 | 1,071 | 4,057 |
| <i>Total Cash Disbursements</i> | <u>498,526</u> | <u>239,197</u> | <u>737,723</u> |
| <i>Excess of Receipts (Under) Disbursements</i> | <u>(22,071)</u> | <u>(66,983)</u> | <u>(89,054)</u> |
| Other Financing Receipts (Disbursements) | | | |
| Other Debt Proceeds | - | 66,581 | 66,581 |
| Sale of Capital Assets | 12,000 | - | 12,000 |
| Other Financing Uses | (255) | - | (255) |
| <i>Total Other Financing Receipts (Disbursements)</i> | <u>11,745</u> | <u>66,581</u> | <u>78,326</u> |
| <i>Net Change in Fund Cash Balances</i> | <u>(10,326)</u> | <u>(402)</u> | <u>(10,728)</u> |
| <i>Fund Cash Balances, January 1 (Restated - See Note 12)</i> | <u>87,543</u> | <u>166,892</u> | <u>254,435</u> |
| Fund Cash Balances, December 31 | | | |
| Restricted | - | 150,317 | 150,317 |
| Assigned | 61,897 | 16,173 | 78,070 |
| Unassigned | 15,320 | - | 15,320 |
| <i>Fund Cash Balances, December 31</i> | <u>\$ 77,217</u> | <u>\$ 166,490</u> | <u>\$ 243,707</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 (REGULATORY CASH BASIS)
ALL PROPRIETARY AND FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2016**

| | Enterprise | Agency |
|---|---------------------|---------------|
| Operating Cash Receipts | | |
| Charges for Services | \$ 791,546 | \$ - |
| Fines, Licenses and Permits | - | 5,272 |
| Miscellaneous | 2,143 | - |
| | <u>793,689</u> | <u>5,272</u> |
| <i>Total Operating Cash Receipts</i> | | |
| Operating Cash Disbursements | | |
| Personal Services | 135,263 | - |
| Fringe Benefits | 94,748 | - |
| Contractual Services | 158,303 | - |
| Supplies and Materials | 46,494 | - |
| Other | 6,920 | 5,291 |
| | <u>441,728</u> | <u>5,291</u> |
| <i>Total Operating Cash Disbursements</i> | | |
| <i>Operating Income (Loss)</i> | <u>351,961</u> | <u>(19)</u> |
| Non-Operating Receipts (Disbursements) | | |
| Special Assessments | 4,275 | - |
| Miscellaneous Receipts | 2,834 | - |
| Capital Outlay | (82,764) | - |
| Principal Retirement | (38,962) | - |
| Interest and Other Fiscal Charges | (17,194) | - |
| | <u>(131,811)</u> | <u>-</u> |
| <i>Total Non-Operating Receipts (Disbursements)</i> | | |
| <i>Net Change in Fund Cash Balances</i> | 220,150 | (19) |
| <i>Fund Cash Balances, January 1</i> | <u>1,018,296</u> | <u>571</u> |
| <i>Fund Cash Balances, December 31</i> | <u>\$ 1,238,446</u> | <u>\$ 552</u> |

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

VILLAGE OF SAINT PARIS
CHAMPAIGN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

Note 1 – Reporting Entity

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

Joint Ventures and Public Entity Risk Pools

The Village participates in a joint venture and a public entity risk pool. Notes 6 and 11 to the financial statements provides additional information for these entities. The Village's management believes these financial statements present all activities for which the Village is financially accountable.

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Village's financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.

Fund Accounting

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

General Fund - The General Fund accounts for and reports all financial resources not accounted for and reported 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 account for and report the proceeds of specific 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 Funds:

Street Construction, Maintenance and Repair Fund – The Street Construction, Maintenance and Repair Fund accounts for and reports that portion of the State gasoline tax and motor vehicle license tax registration fees restricted for construction, maintenance and repair of streets within the Village.

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 Operating Fund – The Water Operating Fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

Sewer Operating Fund – The Sewer Operating Fund accounts for the provision of sanitary sewer services to the residents and commercial users located within the Village.

VILLAGE OF SAINT PARIS
CHAMPAIGN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

Note 2 – Summary of Significant Accounting Policies (Continued)

Fiduciary Funds – Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs.

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 account for Mayor's Court activity. .

Basis of Accounting

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 Village 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.

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, and object level of control and appropriations may not exceed estimated resources. The Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

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

Encumbrances – The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated.

A summary of 2016 budgetary activity appears in Note 3.

Deposits and Investments

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Capital Assets

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

VILLAGE OF SAINT PARIS
CHAMPAIGN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

Note 2 – Summary of Significant Accounting Policies (Continued)

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.

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:

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

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

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

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

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

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

VILLAGE OF SAINT PARIS
CHAMPAIGN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

Note 3 – Budgetary Activity

Budgetary activity for the year ending December 31, 2016 follows:

| 2016 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|----------------------|--------------------|-------------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$ 569,403 | \$ 488,455 | \$ (80,948) |
| Special Revenue | 236,442 | 238,795 | 2,353 |
| Enterprise | 752,000 | 800,798 | 48,798 |
| Total | \$ 1,557,845 | \$ 1,528,048 | \$ (29,797) |

| 2016 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|------------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$ 625,778 | \$ 500,424 | \$ 125,354 |
| Special Revenue | 294,947 | 237,872 | 57,075 |
| Enterprise | 763,461 | 582,304 | 181,157 |
| Total | \$ 1,684,186 | \$ 1,320,600 | \$ 363,586 |

Note 4 - 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:

| | |
|-----------------|--------------|
| | 2016 |
| Demand deposits | \$ 1,482,705 |

Deposits

Deposits are insured by the Federal Depository Insurance Corporation or collateralized by the financial institution's public entity deposit pool.

Note 5 – Taxes

Property Taxes

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.

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.

VILLAGE OF SAINT PARIS
CHAMPAIGN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

Note 5 – Taxes (Continued)

Income Taxes

The Village levies a municipal income tax of 1% on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

Note 6 – Risk Management

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) (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. Until November 1, 2016, 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. Effective November 1, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% 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 762 members as of December 31, 2016.

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, 2016:

| | |
|-----------------|---------------------|
| | <u>2016</u> |
| Assets | \$14,765,712 |
| Liabilities | <u>(9,531,506)</u> |
| Members' Equity | <u>\$ 5,234,206</u> |

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

VILLAGE OF SAINT PARIS
CHAMPAIGN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Some of the Village’s employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes this plan’s benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14% of participants’ gross salaries. The Village has paid all contributions required through December 31, 2016.

Ohio Police and Fire Retirement System

The Village’s full-time police officers belong to the Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan’s benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F full-time police and firefighter participants contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.5% of full-time police members’ wages. The Village has paid all contributions required through December 31, 2016.

Note 8 – Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for members in the Traditional Pension Plan and Combined Plan was 2.0% during calendar year 2016. OP&F contributes 0.5% to fund these benefits.

Note 9 – Debt

Debt outstanding at December 31, 2016 was as follows:

| | Principal | Interest Rate |
|---|------------|---------------|
| First Central National Bank - Water Tower | \$ 312,431 | 5.00% |
| First Central National Bank - Land | 68,835 | 4.00% |
| First Central National Bank - Water/Sewer Truck | 29,907 | 2.25% |
| First Central National Bank - Street Truck | 57,063 | 2.25% |
| OPWC #CK10R | 244,148 | 0.00% |
| Total | \$ 712,384 | |

In 2007, the Village obtained a loan for \$582,431 with an interest rate of 5% from First Central National Bank for a Water Tower Project. The Village was approved for \$600,000 and the total drawn was \$582,431. Interest is paid semiannually 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.

VILLAGE OF SAINT PARIS
CHAMPAIGN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

Note 9 – Debt (Continued)

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. Payments of \$5,070 are made semiannually 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 of \$4,209 due in January and July.

In January 2016, the Village obtained a loan from First Central National Bank to purchase a truck for the street department. The loan was for \$66,582 with an interest rate of 2.25%. The loan requires quarterly principal and interest payments of \$3,530.

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

| Year Ending December 31: | Water Tower | Land | Truck | Street Truck | OPWC |
|--------------------------|-------------------|------------------|------------------|------------------|-------------------|
| 2017 | \$ 338,182 | \$ 10,140 | \$ 7,814 | \$ 14,120 | \$ 8,419 |
| 2018 | - | 10,140 | 7,814 | 14,120 | 8,419 |
| 2019 | - | 10,140 | 7,814 | 14,120 | 8,419 |
| 2020 | - | 10,140 | 7,814 | 14,120 | 8,419 |
| 2021 | - | 10,140 | - | 3,530 | 8,419 |
| 2022-2026 | - | 30,419 | - | - | 42,094 |
| 2027-2031 | - | - | - | - | 42,095 |
| 2032-2036 | - | - | - | - | 42,094 |
| 2037-2041 | - | - | - | - | 42,095 |
| 2042-2046 | - | - | - | - | 33,675 |
| Total | <u>\$ 338,182</u> | <u>\$ 81,119</u> | <u>\$ 31,256</u> | <u>\$ 60,010</u> | <u>\$ 244,148</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.

| Date | Payment | Principal | Interest | Purchase Option Price |
|-----------|------------------|------------------|-----------------|--------------------------|
| 4/27/2017 | \$ 10,392 | \$ 9,319 | \$ 1,073 | \$ 9,841 |
| 4/27/2018 | 10,392 | 9,841 | 551 | - |
| Total | <u>\$ 20,784</u> | <u>\$ 19,160</u> | <u>\$ 1,624</u> | |

Note 10 – Lease/Rent Agreement

On December 5, 2011, the Village Council passed Resolution 1155, allowing them to lease/rent 4,000 square feet of storage area to the Village of Saint Paris Water/Sewer Department from the Village of Saint Paris for \$0.50 per square foot for \$24,000 per year with it automatically renewing each year unless Council votes not to renew. The lease agreement will end in 2018.

VILLAGE OF SAINT PARIS
CHAMPAIGN COUNTY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016

Note 11 – Jointly Governed Organizations

The JSP Fire District is a jointly governed organization. A five-member Board of Trustees governs the District. One represents the Village; 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.

Note 12 – Prior Period Restatement

The Village voided outstanding checks from the General Fund during 2016. The following table shows the change in fund balance:

| | <u>General Fund</u> |
|---------------------------------------|---------------------|
| December 31, 2015 Fund Balance | \$ 86,904 |
| Prior Period Adjustment | 639 |
| Restated January 1, 2016 Fund Balance | <u>\$ 87,543</u> |

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

June 8, 2018

Village of Saint Paris
Champaign County
135 West Main Street
Saint Paris, OH 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, 2017 and 2016, and the related notes to the financial statements and have issued our report thereon dated June 8, 2018, 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.

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 a certain deficiency in internal control, described in the accompanying schedule of audit findings that we consider a material weakness. We consider finding 2017-001 to be a material weakness.

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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated June 8, 2018.

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.



Perry and Associates
Certified Public Accountants, A.C.
Marietta, Ohio

VILLAGE OF SAINT PARIS
CHAMPAIGN COUNTY
SCHEDULE OF AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

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

FINDING NUMBER 2017-001

Material Weakness

Posting Receipts, Disbursement and Classification of Fund Balances

The Village is responsible for establishing procedures and controls to help prevent and detect errors in financial reporting. Fund balances should be classified based on Governmental Accounting Standards Board Statement No. 54 – “Fund Balance Reporting and Governmental Fund Type Definitions.”

During 2017 and 2016, receipts, disbursements and fund balances were not always posted or classified correctly. The following posting errors were noted:

- Balances not included in subsequent appropriations were classified as Assigned instead of Unassigned in the General Fund in 2016 and 2017;
- The Parks and Recreation Fund balance was classified as Restricted instead of Committed in 2016 and 2017;
- November 2016 state portion and 2016 county portions of Mayor’s Court activity was not recorded in the Mayor’s Court Agency Fund;
- Refund of a land purchase down payment was recorded as a receipt and a disbursement instead of a refund of receipt in the General Fund in 2017;
- Water Tower loan proceeds were recorded as Other Financing Sources instead of Debt Proceeds in the Water Operating Fund in 2017.

Not posting receipts and disbursements or classifying fund balances accurately resulted in the financial statements requiring reclassification entries. The financial statements reflect all reclassifications. Additional errors noted in immaterial amounts, both individually and in the aggregate by fund type, were included on the summary of unadjusted differences.

To help ensure accuracy and reliability in the financial reporting process, we recommend management perform a detailed review of its draft financial statements. Such review should include procedures to ensure that all receipts, disbursements and fund balances are properly identified and classified on the financial statements.

We also recommend the Village refer to the Ohio Village Handbook for guidance to determine the proper posting of receipts and refer to the Auditor of State Technical Bulletin 2011-004 for assistance in classifying fund balances.

Management’s Response – We did not receive a response for this finding.

VILLAGE OF SAINT PARIS
CHAMPAIGN COUNTY
SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016

| Finding Number | Finding Summary | Status | Additional Information |
|----------------|---|-----------|------------------------------|
| 2015-001 | Ohio Revised Code Sections 729.52 and 743.05 | Corrected | N/A |
| 2015-002 | Ohio Revised Code Sections 5735.27(A)(1) and 5735.27(A)(2) | Corrected | N/A |
| 2015-003 | Ohio Revised Code Section 733.28, 5705.10(C) and 5705.10(D) | Repeated | Repeated as Finding 2017-001 |
| 2015-004 | Finding for Recovery against Diana Wallen | Corrected | Repaid under audit |
| 2015-005 | Finding for Recovery against Cathlyn Adkins | Corrected | Repaid under audit |
| 2016-006 | Ohio Revised Code Sections 705.55, 733.30 and 735.271 | Corrected | N/A |

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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
AUGUST, 9 2018