

**VILLAGE OF ST. HENRY  
MERCER COUNTY  
Regular Audit  
December 31, 2009**

*Perry & Associates*  
**Certified Public Accountants, A.C.**





Mary Taylor, CPA  
Auditor of State

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

We have reviewed the *Independent Accountants' Report* of the Village of St. Henry, Mercer County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2009 through December 31, 2009. 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.

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

October 4, 2010

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**VILLAGE OF ST. HENRY  
MERCER COUNTY**

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***Perry & Associates***  
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**INDEPENDENT ACCOUNTANTS' REPORT**

July 8, 2010

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

To the Village Council:

We have audited the accompanying financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the **Village of St. Henry, Mercer County, Ohio**, (the Village) as of and for the year ended December 31, 2009, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

As described more fully in Note 2, the Village has prepared these financial statements following the cash basis of accounting. These practices differ from accounting principles generally accepted in the United States of America (GAAP).

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of Village of St. Henry, Mercer County, Ohio, as of December 31, 2009, and the respective changes in cash financial position and the respective budgetary comparison for the General, Street Construction Maintenance and Repair, Income Tax, and Park Improvement Funds thereof for the year then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 8, 2010, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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Mercer County  
Independent Accountants' Report  
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Management's discussion and analysis is not a required part of the basic financial statements, but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

Respectfully Submitted,

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

**Perry and Associates**  
Certified Public Accountants, A.C.

**VILLAGE OF ST. HENRY**  
**MERCER COUNTY**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2009*  
*Unaudited*

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This discussion and analysis of the Village's financial performance provides an overall review of the Village's financial activities for the year ended December 31, 2009, within the limitations of the Village's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Village's financial performance.

**Highlights**

Key highlights for 2009 are as follows:

Net assets of governmental activities increased \$102,437, or 19 percent, a significant change from the prior year. The fund most affected by the increase in cash and cash equivalents was the Street Construction maintenance and Repair Fund, which realized the greatest reduction in costs in 2009; however, costs were monitored closely in all funds.

The Village's general receipts are primarily intergovernmental and income taxes. These receipts represent respectively 32 and 57 percent of general receipts. Property tax receipts for 2009 changed very little compared to 2008.

The water and sewer operations, the Village's business-type activities, increased net assets by 13 percent.

**Using the Basic Financial Statements**

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

**Report Components**

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

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

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

**Basis of Accounting**

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

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



**VILLAGE OF ST. HENRY**  
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*Management's Discussion and Analysis*  
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**Reporting the Village as a Whole**

The Statement of Net Assets and the Statement of Activities reflect how the Village did financially during 2009, within the limitations of cash basis accounting. The Statement of Net Assets presents the cash balances and investments of the governmental activities and business type activities of the Village at year-end. The statement of activities compares cash disbursements with program receipts for each governmental program and business-type activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function or business-type activity draws from the Village's general receipts.

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

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

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

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

**Reporting the Village's Most Significant Funds**

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

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

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

**VILLAGE OF ST. HENRY**  
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**Proprietary Funds** - The Village maintains one type of proprietary fund. Enterprise funds use the same basis of accounting (cash basis) as governmental fund activities; therefore, these statements will essentially match the information provided in statements for the Village as a whole. The Village uses enterprise funds to account for its water and sewer operations. The enterprise fund statements can be found on pages 19-20 of this report.

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

**The Village as a Whole**

Table 1 provides a summary of the Village's net assets for 2009 compared to 2008 on a cash basis:

(Table 1)  
**Net Assets**

	<u>Governmental Activities</u>		<u>Business-Type Activities</u>		<u>Total</u>	
	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>	<u>2009</u>	<u>2008</u>
<b>Assets</b>						
Equity in Pooled Cash and Cash Equivalents	\$ 629,517	\$ 527,080	\$404,996	\$359,738	\$1,034,513	\$886,818
Total Assets	<u>\$ 629,517</u>	<u>\$ 527,080</u>	<u>\$404,996</u>	<u>\$359,738</u>	<u>\$1,034,513</u>	<u>\$886,818</u>
<b>Net Assets</b>						
Restricted for:						
Capital Projects	3,165	3,165	-	-	3,165	3,165
Other Purposes	482,443	240,340	-	-	482,443	240,340
Unrestricted	143,909	283,575	404,996	359,738	548,905	643,313
Total Net Assets	<u>\$ 629,517</u>	<u>\$ 527,080</u>	<u>\$404,996</u>	<u>\$359,738</u>	<u>\$1,034,513</u>	<u>\$886,818</u>

The total net cash assets of the Village increased \$147,695. Net cash assets of governmental activities increased \$102,437, which represents a 19 percent increase over fiscal year 2008. Net cash assets of business-type activities increased \$45,258 or 13 percent from fiscal year 2008.

The balance of governmental activities unrestricted net cash assets of \$143,909 may be used to meet the Village's ongoing obligations to citizens and creditors.

The overall economy of the state was flat in 2009, so we were selective on projects that were completed in 2009.

**VILLAGE OF ST. HENRY**  
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*Management's Discussion and Analysis*  
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Table 2 reflects the changes in net assets on a cash basis in 2009 and 2008 for governmental activities and total primary government.

	Governmental		Business-Type		Total	
	Activities	Activities	Activities	Activities	2009	2008
	2009	2008	2009	2008	2009	2008
Receipts:						
Program Receipts:						
Charges for Services and Sales	\$ 32,679	\$ 35,739	\$ 958,967	\$ 982,786	\$ 991,646	\$ 1,018,525
Operating Grants and Contributions	120,828	121,304	-	-	120,828	121,304
Capital Grants and Contributions	270,621	165,505	-	-	270,621	165,505
<b>Total Program Receipts</b>	<b>424,128</b>	<b>322,548</b>	<b>958,967</b>	<b>982,786</b>	<b>1,383,095</b>	<b>1,305,334</b>
General Receipts:						
Property Taxes	92,699	87,362	-	-	92,699	87,362
Income Taxes	697,487	672,312	-	-	697,487	672,312
License, Fines and Permits	18,463	31,062	-	-	18,463	31,062
Note Proceeds	256,950	-	-	-	256,950	-
Sale of Fixed Assets	-	11,823	-	-	-	11,823
Grants and Entitlements Not Restricted to Specific Programs	149,905	141,209	-	-	149,905	141,209
Interest	10,246	13,928	-	-	10,246	13,928
Miscellaneous	-	20,000	-	-	-	20,000
<b>Total General Receipts</b>	<b>1,225,750</b>	<b>977,696</b>	<b>-</b>	<b>-</b>	<b>1,225,750</b>	<b>977,696</b>
<b>Total Receipts</b>	<b>1,649,878</b>	<b>1,300,244</b>	<b>958,967</b>	<b>982,786</b>	<b>2,608,845</b>	<b>2,283,030</b>
Disbursements:						
Security of Persons and Property	183,315	180,278	-	-	183,315	180,278
Public Health Services	10,000	10,000	-	-	10,000	10,000
Leisure Time Activities	154,628	108,650	-	-	154,628	108,650
Transportation	119,721	216,937	-	-	119,721	216,937
General Government	307,303	294,814	-	-	307,303	294,814
Debt Service	118,240	183,741	-	-	118,240	183,741
Capital Outlay	654,234	542,332	-	-	654,234	542,332
Water	-	-	311,737	356,755	311,737	356,755
Sewer	-	-	601,972	588,529	601,972	588,529
<b>Total Disbursements</b>	<b>1,547,441</b>	<b>1,536,752</b>	<b>913,709</b>	<b>945,284</b>	<b>2,461,150</b>	<b>2,482,036</b>
Increase (Decrease) in Net Assets	102,437	(236,508)	45,258	37,502	147,695	(199,006)
Net Assets, January 1	527,080	763,588	359,738	322,236	886,818	1,085,824
<b>Net Assets, December 31</b>	<b>\$ 629,517</b>	<b>\$ 527,080</b>	<b>\$ 404,996</b>	<b>\$ 359,738</b>	<b>\$ 1,034,513</b>	<b>\$ 886,818</b>

Program receipts represent only 26 percent of total receipts and are primarily comprised of operating and capital grants and contributions. General receipts represent 74 percent of the Village's total receipts comprised mainly of income taxes. State and federal grants and entitlements make up the balance of the Village's general receipts. Other receipts are very insignificant and somewhat unpredictable revenue sources.

**VILLAGE OF ST. HENRY**  
**MERCER COUNTY**  
*Management's Discussion and Analysis*  
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General government represents activities related to the governing body as well as activities that directly support Village programs. In 2009, general government cash disbursements totaled \$307,303, or 20 percent of total governmental cash disbursements. General government service programs are primarily supported by general revenues. The Village program, capital outlay, accounted for \$654,234 or 42 percent of total governmental cash disbursements. Capital outlay service programs are primarily supported by general revenues.

The Village program, leisure time activities, accounted for \$154,628 or 10 percent of total governmental cash disbursements. Leisure time activities service programs are primarily supported by charges for services.

**Governmental Activities**

If you look at the Statement of Activities you will see that the first column lists the major services provided by the Village. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for Capital Outlay which account for \$654,234 or 42 percent of all governmental disbursements. General Government also represents a significant cost, about 20 percent of the total governmental disbursements. The next two columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Government that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)

	<b>Governmental Activities</b>			
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2009	2009	2008	2008
Security of Persons and Property	\$ 183,315	\$ (183,315)	\$ 180,278	\$ (180,278)
Public Health Services	10,000	(10,000)	10,000	(10,000)
Leisure Time Activities	154,628	(121,949)	108,650	(72,911)
Transportation	119,721	1,107	216,937	(95,633)
General Government	307,303	(307,303)	294,814	(294,814)
Capital Outlay	654,234	(383,973)	542,332	(376,827)
Debt Services:				
Principal	113,589	(113,589)	181,170	(181,170)
Interest	4,651	(4,651)	2,571	(2,571)
Total Expenses	<u>\$ 1,547,441</u>	<u>\$(1,123,673)</u>	<u>\$ 1,536,752</u>	<u>\$(1,214,204)</u>

The dependence upon general cash receipts for governmental activities is apparent; with 73 percent of cash disbursements supported through taxes and other general cash receipts during 2009.

**Business-Type Activities**

The Water and Sewer funds are the Village's two major enterprise funds. These programs had cash receipts of \$958,967 and cash disbursements of \$913,709 for fiscal year 2009. The net cash assets of the programs increased \$45,258 from 2008.

**VILLAGE OF ST. HENRY**  
**MERCER COUNTY**  
*Management's Discussion and Analysis*  
*For the Year Ended December 31, 2009*  
*Unaudited*

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**The Village's Funds**

Total governmental funds for 2009 had receipts of \$1,946,878 and disbursements of \$1,844,441.

General Fund receipts were \$27,073 less than disbursements indicating that the General Fund is in a slight deficit spending situation. It was the recommendation of the finance committee and the administration that a reduction of disbursements was preferable to requesting additional funds from the taxpayers.

The Street Construction Maintenance and Repair Fund, a Village major fund, had cash receipts of \$114,323 in 2009. The Fund had cash disbursements of \$60,827 in 2009. The Street Construction Maintenance and Repair Fund cash balance increased \$53,496 from 2008 to 2009.

The Income Tax Fund, a Village major fund, had cash receipts of \$697,487 in 2009. The Income Tax Fund had cash disbursements of \$669,677 in 2009. The Income Tax Fund cash balance increased \$27,810 from 2008 to 2009.

The Park Improvement fund, a Village major fund, had cash receipts of \$75,000 in 2009. The Park Improvement Fund had cash disbursements of \$31,522 in 2009. The Park Improvement Fund cash balance increased \$43,478 from 2008 to 2009.

The Capital Project Fund, a Village major fund, had cash receipts of \$337,621 in 2009. The Capital Project Fund had cash disbursements of \$337,621 in 2009. The Capital Project Fund cash balance remained the same from 2008 to 2009.

**General Fund Budgeting Highlights**

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

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

For the General Fund, actual cash receipts and other financing sources of \$578,130 were more than final and original budget estimates by \$13,759. The final budgetary basis disbursements were \$659,500.

**Capital Assets and Debt Administration**

**Capital Assets**

The Village does not record capital assets in the accompanying cash basis financial statements, but records payments for capital assets as disbursements. The Village had capital outlay disbursements of \$654,234 during fiscal year 2009.

**VILLAGE OF ST. HENRY**  
**MERCER COUNTY**  
*Management's Discussion and Analysis*  
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Debt

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

(Table 4)  
**Outstanding Debt**

	Governmental Type Activities		Business Type Activities	
	2009	2008	2009	2008
1994 OPWC Loan	\$ -	\$ -	\$ 21,630	\$ 27,037
1993 OPWC Loan	-	-	42,625	50,375
2006 Promissory Note	-	90,000	-	-
2006 Bank Note	-	-	383,315	427,774
2006 OPWC Loan	-	-	184,536	195,081
2009 Business Park Loan	233,361	-	-	-
<b>Total Long-Term Obligations</b>	<b>\$ 233,361</b>	<b>\$ 90,000</b>	<b>\$ 632,106</b>	<b>\$ 700,267</b>

**Current Issues**

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

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

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

**Contacting the Village's Financial Management**

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

**VILLAGE OF ST. HENRY - MERCER COUNTY**

*Statement of Net Assets - Cash Basis*

*As of December 31, 2009*

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	<u>Governmental Activities</u>	<u>Business - Type Activities</u>	<u>Total</u>
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$ 629,517	\$ 404,996	\$ 1,034,513
<i>Total Assets</i>	<u>629,517</u>	<u>404,996</u>	<u>1,034,513</u>
<b>Net Assets</b>			
Restricted for:			
Capital Projects	3,165	-	3,165
Other Purposes	482,443	-	482,443
Unrestricted	<u>143,909</u>	<u>404,996</u>	<u>548,905</u>
<i>Total Net Assets</i>	<u>\$ 629,517</u>	<u>\$ 404,996</u>	<u>\$ 1,034,513</u>

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

**VILLAGE OF ST. HENRY - MERCER COUNTY**  
*Statement of Activities - Cash Basis*  
For the Year Ended December 31, 2009

	Program Cash Receipts			
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions
<b>Governmental Activities</b>				
Security of Person and Property	\$ 183,315	\$ -	\$ -	\$ -
Public Health Services	10,000	-	-	-
Leisure Time Activities	154,628	32,679	-	-
Transportation	119,721	-	120,828	-
General Government	307,303	-	-	-
Capital Outlay	654,234	-	-	270,621
Debt Service:				
Principal	113,589	-	-	-
Interest	4,651	-	-	-
<i>Total Governmental Activities</i>	<u>1,547,441</u>	<u>32,679</u>	<u>120,828</u>	<u>270,621</u>
<b>Business-Type Activities</b>				
Water	311,737	386,287	-	-
Sewer	601,972	572,680	-	-
<i>Total Business - Type Activities</i>	<u>913,709</u>	<u>958,967</u>	<u>-</u>	<u>-</u>
<b>Totals</b>	<u><u>\$ 2,461,150</u></u>	<u><u>\$ 991,646</u></u>	<u><u>\$ 120,828</u></u>	<u><u>\$ 270,621</u></u>

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



**VILLAGE OF ST. HENRY - MERCER COUNTY**  
*Statement of Activities - Cash Basis*  
*For the Year Ended December 31, 2009*  
*Continued*

	Net (Disbursements) Receipts and Changes in Net Assets	Net (Disbursements) Receipts and Changes in Net Assets	Net (Disbursements) Receipts and Changes in Net Assets
	Governmental Activities	Business - Type Activities	Total
<b>Governmental Activities</b>			
Security of Person and Property	\$ (183,315)	\$ -	\$ (183,315)
Public Health Services	(10,000)	-	(10,000)
Leisure Time Activities	(121,949)	-	(121,949)
Transportation	1,107	-	1,107
General Government	(307,303)	-	(307,303)
Capital Outlay	(383,613)	-	(383,613)
Debt Service:			
Principal	(113,589)	-	(113,589)
Interest	(4,651)	-	(4,651)
<i>Total Governmental Activities</i>	<u>(1,123,313)</u>	<u>-</u>	<u>(1,123,313)</u>
<b>Business-Type Activities</b>			
Water	-	74,550	74,550
Sewer	-	(29,292)	(29,292)
<i>Total Business - Type Activities</i>	<u>-</u>	<u>45,258</u>	<u>45,258</u>
Totals	<u>\$ (1,123,313)</u>	<u>\$ 45,258</u>	<u>\$ (1,078,055)</u>
<b>General Receipts</b>			
Property Taxes	92,699	-	92,699
Income Taxes	697,487	-	697,487
Licenses, Fines and Permits	18,463	-	18,463
Grants and Entitlements not Restricted to Specific Programs	149,905	-	149,905
Note Proceeds	256,950	-	256,950
Interest	10,246	-	10,246
<i>Total General Receipts</i>	<u>1,225,750</u>	<u>-</u>	<u>1,225,750</u>
Change in Net Assets	<u>102,437</u>	<u>45,258</u>	<u>147,695</u>
<i>Net Assets Beginning of Year</i>	<u>527,080</u>	<u>359,738</u>	<u>886,818</u>
<i>Net Assets End of Year</i>	<u>\$ 629,517</u>	<u>\$ 404,996</u>	<u>\$ 1,034,513</u>

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

**VILLAGE OF ST. HENRY - MERCER COUNTY**  
*Statement of Cash Basis Assets and Fund Balances*  
*Governmental Funds*  
*As of December 31, 2009*

	General	Street Construction Maintenance and Repair	Income Tax	Park Improvement	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>						
Equity in Pooled Cash and Cash Equivalents	\$ 68,402	\$ 75,507	\$ 212,964	\$ 231,578	\$ 41,066	\$ 629,517
<i>Total Assets</i>	<u>68,402</u>	<u>75,507</u>	<u>212,964</u>	<u>231,578</u>	<u>41,066</u>	<u>629,517</u>
<b>Fund Balances</b>						
Unreserved:						
Undesignated, Reported in:						
General Fund	68,402	-	-	-	-	68,402
Special Revenue Funds	-	75,507	212,964	231,578	37,901	557,950
Capital Projects Funds	-	-	-	-	3,165	3,165
<i>Total Fund Balances</i>	<u>\$ 68,402</u>	<u>\$ 75,507</u>	<u>\$ 212,964</u>	<u>\$ 231,578</u>	<u>\$ 41,066</u>	<u>\$ 629,517</u>

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

**VILLAGE OF ST. HENRY - MERCER COUNTY**  
*Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances*  
*Governmental Funds*  
*For the Year Ended December 31, 2009*

	General	Street Construction Maintenance and Repair	Income Tax	Park Improvement	Capital Project	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>							
Property and Other Local Taxes	\$ 92,699	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 92,699
Municipal Income Taxes	-	-	697,487	-	-	-	697,487
Charges for Services	-	-	-	-	-	32,679	32,679
Fines, Licenses and Permits	18,463	-	-	-	-	-	18,463
Intergovernmental	140,406	113,794	-	-	270,621	16,533	541,354
Interest	9,612	529	-	-	-	105	10,246
<i>Total Receipts</i>	<u>261,180</u>	<u>114,323</u>	<u>697,487</u>	<u>-</u>	<u>270,621</u>	<u>49,317</u>	<u>1,392,928</u>
<b>Disbursements</b>							
Current:							
General Government	14,895	-	292,408	-	-	-	307,303
Security of Persons and Property	183,315	-	-	-	-	-	183,315
Public Health Services	10,000	-	-	-	-	-	10,000
Leisure Time Activities	-	-	-	31,522	-	123,106	154,628
Transportation	42,409	60,827	-	-	-	16,485	119,721
Capital Outlay	264,584	-	52,029	-	337,621	-	654,234
Debt Service:							
Principal Retirement	90,000	-	23,589	-	-	-	113,589
Interest and Fiscal Charges	-	-	4,651	-	-	-	4,651
<i>Total Disbursements</i>	<u>605,203</u>	<u>60,827</u>	<u>372,677</u>	<u>31,522</u>	<u>337,621</u>	<u>139,591</u>	<u>1,547,441</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	(344,023)	53,496	324,810	(31,522)	(67,000)	(90,274)	(154,513)
<b>Other Financing Sources (Uses)</b>							
Note Proceeds	256,950	-	-	-	-	-	256,950
Transfers In	60,000	-	-	75,000	67,000	95,000	297,000
Transfers Out	-	-	(297,000)	-	-	-	(297,000)
<i>Total Other Financing Sources (Uses)</i>	<u>316,950</u>	<u>-</u>	<u>(297,000)</u>	<u>75,000</u>	<u>67,000</u>	<u>95,000</u>	<u>256,950</u>
<i>Net Change in Fund Balances</i>	(27,073)	53,496	27,810	43,478	-	4,726	102,437
<i>Fund Balances Beginning of Year</i>	<u>95,475</u>	<u>22,011</u>	<u>185,154</u>	<u>188,100</u>	<u>-</u>	<u>36,340</u>	<u>527,080</u>
<i>Fund Balances End of Year</i>	<u>\$ 68,402</u>	<u>\$ 75,507</u>	<u>\$ 212,964</u>	<u>\$ 231,578</u>	<u>\$ -</u>	<u>\$ 41,066</u>	<u>\$ 629,517</u>

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

**VILLAGE OF ST. HENRY - MERCER COUNTY**  
*Statement of Receipts, Disbursements and Changes  
In Fund Balance - Budget and Actual (Budget Basis)  
General Fund  
For the Year Ended December 31, 2009*

	<u>Budgeted Amounts</u>			(Optional) Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Receipts</b>				
Property and Other Local Taxes	\$ 88,721	\$ 88,721	\$ 92,699	\$ 3,978
Fines, Licenses and Permits	1,050	1,050	18,463	17,413
Intergovernmental	91,650	91,650	140,406	48,756
Interest	7,000	7,000	9,612	2,612
<i>Total receipts</i>	<u>188,421</u>	<u>188,421</u>	<u>261,180</u>	<u>72,759</u>
<b>Disbursements</b>				
Current:				
General Government	25,500	25,500	14,895	10,605
Security of Persons and Property	204,800	204,800	183,315	21,485
Public Health Services	10,000	10,000	10,000	-
Transportation	62,250	62,250	42,409	19,841
Capital Outlay	10,000	266,950	264,584	2,366
Debt Service:				
Principal Retirement	90,000	90,000	90,000	-
<i>Total Disbursements</i>	<u>402,550</u>	<u>659,500</u>	<u>605,203</u>	<u>54,297</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(214,129)</u>	<u>(471,079)</u>	<u>(344,023)</u>	<u>127,056</u>
<b>Other Financing Sources (Uses)</b>				
Sale of Fixed Assets	5,000	5,000	-	(5,000)
Note Proceeds	-	256,950	256,950	-
Transfers In	114,000	114,000	60,000	(54,000)
<i>Total Other Financing Sources (Uses)</i>	<u>119,000</u>	<u>375,950</u>	<u>316,950</u>	<u>(59,000)</u>
<i>Net Change in Fund Balance</i>	(95,129)	(95,129)	(27,073)	68,056
<i>Fund Balance Beginning of Year</i>	<u>95,475</u>	<u>95,475</u>	<u>95,475</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 346</u>	<u>\$ 346</u>	<u>\$ 68,402</u>	<u>\$ 68,056</u>

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

**VILLAGE OF ST. HENRY - MERCER COUNTY**  
*Statement of Receipts, Disbursements and Changes  
 In Fund Balance - Budget and Actual (Budget Basis)  
 Street Construction Maintenance and Repair Fund  
 For the Year Ended December 31, 2009*

	<u>Budgeted Amounts</u>			(Optional) Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Receipts</b>				
Intergovernmental	\$ 105,000	\$ 105,000	\$ 113,794	\$ 8,794
Interest	500	500	529	29
<i>Total receipts</i>	<u>105,500</u>	<u>105,500</u>	<u>114,323</u>	<u>8,823</u>
<b>Disbursements</b>				
Current:				
Transportation	<u>127,450</u>	<u>127,450</u>	<u>60,827</u>	<u>66,623</u>
<i>Total Disbursements</i>	<u>127,450</u>	<u>127,450</u>	<u>60,827</u>	<u>66,623</u>
<i>Net Change in Fund Balance</i>	(21,950)	(21,950)	53,496	75,446
<i>Fund Balance Beginning of Year</i>	<u>22,011</u>	<u>22,011</u>	<u>22,011</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u><u>\$ 61</u></u>	<u><u>\$ 61</u></u>	<u><u>\$ 75,507</u></u>	<u><u>\$ 75,446</u></u>

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

**VILLAGE OF ST. HENRY - MERCER COUNTY**  
*Statement of Receipts, Disbursements and Changes  
In Fund Balance - Budget and Actual (Budget Basis)  
Income Tax Fund  
For the Year Ended December 31, 2009*

	<u>Budgeted Amounts</u>			(Optional)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<b>Receipts</b>				
Municipal Income Taxes	\$ 700,000	\$ 700,000	\$ 697,487	\$ (2,513)
<i>Total receipts</i>	<u>700,000</u>	<u>700,000</u>	<u>697,487</u>	<u>(2,513)</u>
<b>Disbursements</b>				
Current:				
General Government	373,850	388,850	292,408	96,442
Capital Outlay	110,000	110,000	52,029	57,971
Debt Service:				
Principal Retirement	43,000	43,000	23,589	19,411
Interest and Fiscal Charges	12,000	12,000	4,651	7,349
<i>Total Disbursements</i>	<u>538,850</u>	<u>553,850</u>	<u>372,677</u>	<u>181,173</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>161,150</u>	<u>146,150</u>	<u>324,810</u>	<u>178,660</u>
<b>Other Financing Sources (Uses)</b>				
Transfers Out	(346,000)	(346,000)	(297,000)	49,000
<i>Total Other Financing Sources (Uses)</i>	<u>(346,000)</u>	<u>(346,000)</u>	<u>(297,000)</u>	<u>49,000</u>
<i>Net Change in Fund Balance</i>	(184,850)	(199,850)	27,810	227,660
<i>Fund Balance Beginning of Year</i>	<u>185,154</u>	<u>185,154</u>	<u>185,154</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 304</u>	<u>\$ (14,696)</u>	<u>\$ 212,964</u>	<u>\$ 227,660</u>

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

**VILLAGE OF ST. HENRY - MERCER COUNTY**  
*Statement of Receipts, Disbursements and Changes  
 In Fund Balance - Budget and Actual (Budget Basis)  
 Park Improvement Fund  
 For the Year Ended December 31, 2009*

	<u>Budgeted Amounts</u>		<u>Actual</u>	(Optional)
	<u>Original</u>	<u>Final</u>		Variance with Final Budget Positive (Negative)
<b>Disbursements</b>				
Current:				
Leisure Time Activities	238,000	238,000	31,522	206,478
<i>Total Disbursements</i>	<u>238,000</u>	<u>238,000</u>	<u>31,522</u>	<u>206,478</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(238,000)</u>	<u>(238,000)</u>	<u>(31,522)</u>	<u>206,478</u>
<b>Other Financing Sources (Uses)</b>				
Transfers In	50,000	75,000	75,000	-
<i>Total Other Financing Sources (Uses)</i>	<u>50,000</u>	<u>75,000</u>	<u>75,000</u>	<u>-</u>
<i>Net Change in Fund Balance</i>	(188,000)	(163,000)	43,478	206,478
<i>Fund Balance Beginning of Year</i>	<u>188,100</u>	<u>188,100</u>	<u>188,100</u>	<u>-</u>
<i>Fund Balance End of Year</i>	<u>\$ 100</u>	<u>\$ 25,100</u>	<u>\$ 231,578</u>	<u>\$ 206,478</u>

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

**VILLAGE OF ST. HENRY - MERCER COUNTY**

*Statement of Net Assets - Cash Basis*

*Proprietary Funds*

*As of December 31, 2009*

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	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	<u>\$ 310,357</u>	<u>\$ 94,639</u>	<u>\$ 404,996</u>
<i>Total Assets</i>	<u><u>310,357</u></u>	<u><u>94,639</u></u>	<u><u>404,996</u></u>
<b>Net Assets</b>			
Unrestricted	<u>310,357</u>	<u>94,639</u>	<u>404,996</u>
<i>Total Net Assets</i>	<u><u>\$ 310,357</u></u>	<u><u>\$ 94,639</u></u>	<u><u>\$ 404,996</u></u>

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



**VILLAGE OF ST. HENRY - MERCER COUNTY**  
*Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances*  
*Proprietary Funds*  
*For the Year Ended December 31, 2009*

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
<b>Operating Receipts</b>			
Charges for Services	\$ 341,852	\$ 516,166	\$ 858,018
Other Operating Receipts	-	400	400
<i>Total Operating Receipts</i>	<u>341,852</u>	<u>516,566</u>	<u>858,418</u>
<b>Operating Disbursements</b>			
Personal Services	111,259	119,658	230,917
Employee Fringe Benefits	15,861	19,241	35,102
Contractual Services	133,297	168,709	302,006
Supplies and Materials	35,335	208,052	243,387
Other	10,578	6,701	17,279
<i>Total Operating Disbursements</i>	<u>306,330</u>	<u>522,361</u>	<u>828,691</u>
<i>Operating Income (Loss)</i>	<u>35,522</u>	<u>(5,795)</u>	<u>29,727</u>
<b>Non-Operating Receipts (Disbursements)</b>			
Special Assessments	44,435	56,114	100,549
Principal Payments	(5,407)	(62,754)	(68,161)
Interest and Fiscal Charges	-	(16,857)	(16,857)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>39,028</u>	<u>(23,497)</u>	<u>15,531</u>
<i>Net Change in Net Assets</i>	74,550	(29,292)	45,258
<i>Net Assets Beginning of Year</i>	<u>235,807</u>	<u>123,931</u>	<u>359,738</u>
<i>Net Assets End of Year</i>	<u>\$ 310,357</u>	<u>\$ 94,639</u>	<u>\$ 404,996</u>

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

**VILLAGE OF ST. HENRY**  
**MERCER COUNTY**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2009*

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**Note 1 – Reporting Entity**

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

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

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

**Note 2 – Summary of Significant Accounting Policies**

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

**A. Basis of Presentation**

**Government-Wide Financial Statements**

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

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

**VILLAGE OF ST. HENRY**  
**MERCER COUNTY**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2009*

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**Note 2 – Summary of Significant Accounting Policies** (Continued)

A. Basis of Presentation (Continued)

Fund Financial Statements

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

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

B. Fund Accounting

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

Governmental Funds

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

*General Fund* - This fund is used to account for all financial resources of the Village except those required to be accounted for in another fund. The General Fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

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

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

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

*Capital Project Fund* - This fund accounts for all transactions relating to the street project.

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

Proprietary Funds

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

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

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

**VILLAGE OF ST. HENRY**  
**MERCER COUNTY**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2009*

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**Note 2 – Summary of Significant Accounting Policies** (Continued)

**B. Fund Accounting** (Continued)

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

**Fiduciary Funds**

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Village's only fiduciary fund is an agency fund which accounts for the Village's Mayor's Court, which had no cash balance at December 31, 2009.

**C. Basis of Accounting**

The Village chooses to prepare its financial statements and notes on the basis of cash receipts and disbursements. The cash receipts and disbursements basis of accounting is a comprehensive basis of accounting other than GAAP. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e. when an encumbrance is approved).

These statements include adequate disclosure of material matters, in accordance with the basis of accounting described in the preceding paragraph.

**D. Budgetary Process**

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

*Tax Budget:*

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

*Estimated Resources:*

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

**VILLAGE OF ST. HENRY**  
**MERCER COUNTY**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2009*

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**Note 2 – Summary of Significant Accounting Policies** (Continued)

**D. Budgetary Process** (continued)

*Appropriations:*

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

*Encumbrances:*

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

**E. Cash and Cash Equivalents**

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

**F. Capital Assets**

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

**G. Unpaid Vacation and Sick Leave**

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the basis of accounting used by the Village (see Note 2.A.).

**H. Long-term Obligations**

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

**I. Net Assets**

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

**J. Interfund Activity**

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

**VILLAGE OF ST. HENRY**  
**MERCER COUNTY**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2009*

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**Note 3 – Deposits and Investments**

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

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

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

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

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

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

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

**VILLAGE OF ST. HENRY**  
**MERCER COUNTY**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2009*

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**Note 3 – Deposits and Investments** (Continued)

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

*A. Deposits with Financial Institutions*

At December 31, 2009, the carrying amount of all Village deposits was \$1,034,513. Based on the criteria described in GASB Statement No. 40, “Deposits and Investment Risk Disclosures”, as of December 31, 2009, \$784,513 of the Village’s bank balance of \$1,034,513 was exposed to custodial risk as discussed below, while \$250,000 was covered by Federal Deposit Insurance Corporation.

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

*B. Reconciliation of Cash to the Statement of Net Assets*

The following is a reconciliation of cash as reported in the footnote above to cash as reported on the statement of net assets as of December 31, 2009:

<u>Cash per footnote</u>	
Carrying amount of deposits	<u>\$ 1,034,513</u>
 <u>Cash per Statement of Net Assets</u>	
Governmental activities	629,517
Business type activities	<u>404,996</u>
Total	<u>\$ 1,034,513</u>

The Village had no investments at December 31, 2009.

**Note 4 – Debt Obligations**

At December 31, 2009, debt obligations for governmental type activities consisted of the following issuances:

<u>Description</u>	<u>Amount Outstanding</u>
2009 Bank note for \$256,950, for the purchase of land for an industrial park, due in semi annual payments of \$28,240 bearing interest of 3.65% through February 9, 2014.	<u>\$ 233,361</u>
Balance at December 31, 2009	<u>\$ 233,361</u>

**VILLAGE OF ST. HENRY**  
**MERCER COUNTY**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2009*

**Note 4 – Debt Obligations** (Continued)

At December 31, 2009, debt obligations for business type activities consisted of the following issuances:

<u>Description</u>	<u>Amount Outstanding</u>
1994 Ohio Public Works Commission (OPWC) Main Street Water Line Loan, due in semiannual payments of \$2,703 through 2013, interest free.	\$ 21,630
1995 Ohio Public Works Commission (OPWC) Water Treatment Plant Expansion Loan, due in semiannual payments of \$3,875 through 2015, interest free.	42,625
2006 Bank note, for the lagoon project payable in semi-annual payments of \$30,658 bearing 4.305% interest through June 27, 2017.	383,315
2006 Ohio Public Works Commission (OPWC) Water Treatment Plant Expansion Loan, due in semi-annual payments of \$5,273 bearing 0% interest through 2027.	<u>184,536</u>
Balance at December 31, 2009	<u>\$ 632,106</u>

Transactions for the year ended December 31, 2009, are summarized as follows:

	Balance			Balance		Amount due	
<u>Governmental:</u>	12/31/2008	Proceeds	Payments	12/31/2009	in one year		
2006 Promissory Note	\$ 90,000	\$ -	\$ 90,000	\$ -			-
2009 Business Park Loan		256,950	23,589	233,361			48,612
<b>Total</b>	<u>\$ 90,000</u>	<u>\$ 256,950</u>	<u>\$ 113,589</u>	<u>\$ 233,361</u>			<u>\$ 48,612</u>

  

	Balance			Balance		Amount due	
<u>Business Type:</u>	12/31/2008	Proceeds	Payments	12/31/2009	in one year		
1994 OPWC Loan	\$ 27,037	\$ -	\$ 5,407	\$ 21,630	\$ 5,407		
1995 OPWC Loan	50,375	-	7,750	42,625			7,750
2006 Bank Note	427,774	-	44,459	383,315			46,255
2006 OPWC	195,081	-	10,545	184,536			10,546
<b>Total</b>	<u>\$ 700,267</u>	<u>\$ -</u>	<u>\$ 68,161</u>	<u>\$ 632,106</u>			<u>\$ 69,958</u>

The principal requirements to retire the debt obligations at December 31, 2009, are as follows:

Year Ending December 31,	1994		1995		2006		2006		2009		Totals	
	OPWC Loan Principal	OPWC Loan Principal	OPWC Loan Principal	OPWC Loan Principal	Promissory Note Principal	Promissory Note Interest	Business Park Loan Principal	Business Park Loan Interest	Principal	Interest	Principal	Interest
2010	\$ 5,407	\$ 7,750	\$ 10,546	\$ 46,255	\$ 15,061	\$ 48,612	\$ 7,868	\$ 118,570	\$ 22,929			
2011	5,407	7,750	10,546	48,149	13,167	50,403	\$ 6,077	122,255	19,244			
2012	5,407	7,750	10,546	50,115	11,201	52,259	\$ 4,221	126,077	15,422			
2013	5,409	7,750	10,546	51,714	9,602	54,184	\$ 2,296	129,603	11,898			
2014	-	7,750	52,730	53,829	7,487	27,903	\$ 337	142,212	7,824			
2015-2019	-	3,875	52,730	133,253	14,177	-	-	189,858	14,177			
2020-2024	-	-	36,892	-	-	-	-	36,892	-			
<b>Total</b>	<u>\$ 21,630</u>	<u>\$ 42,625</u>	<u>\$ 184,536</u>	<u>\$ 383,315</u>	<u>\$ 70,695</u>	<u>\$ 233,361</u>	<u>\$ 20,799</u>	<u>\$ 865,467</u>	<u>\$ 91,494</u>			



**VILLAGE OF ST. HENRY**  
**MERCER COUNTY**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2009*

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**Note 5 – Property Taxes**

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

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

Tangible personal property tax revenues received in 2009 (other than public utility property) represent the collection of 2009 taxes. Tangible personal property taxes received in 2009 were levied after October 1, 2008, on the true value as of December 31, 2008. In prior years, tangible personal property assessments were twenty-five percent of true value for capital assets and twenty-three percent of true value for inventory. Tangible personal property tax is being phased out - the assessment percentage for property, including inventory, was zero for 2008. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

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

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Village. The assessed values of real and tangible personal property upon which 2009 property tax receipts was \$43,665,710

**Note 6 – Local Income Tax**

This locally levied tax of 1.0% applies to gross salaries, wages and other personal service compensation earned by residents both in and out of the Village and to earnings of nonresidents (except certain transients) earned in the Village. It also applies to the net income of business organizations located within the Village. The Village collected \$697,487 in 2009 in income tax receipts which are receipted directly into the Income Tax Special Revenue Fund and transferred to various funds for operations.

**Note 7 – Defined Benefit Pension Plan**

**A. Ohio Public Employees Retirement System**

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

**VILLAGE OF ST. HENRY**  
**MERCER COUNTY**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2009*

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**Note 7 – Defined Benefit Pension Plan (Continued)**

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

The Village's contribution rate for 2009 was 14 percent, except for those plan members in law enforcement or public safety, for whom the Village's contribution was 17.40 percent of covered payroll. A portion of the Village's contribution equal to 7 percent of covered payroll was allocated to fund the post-employment health care plan. Employer contribution rates are actuarially determined. State statute sets a maximum contribution rate for the Village of 14 percent, except for public safety and law enforcement, where the maximum employer contribution rate is 18.1 percent.

The Village's contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2009, 2008, and 2007 were \$61,135, \$59,475, and \$58,797, respectively; 100% has been contributed for 2009, 2008, and 2007.

**B. Ohio Police and Fire Pension Fund**

The Village contributes to the Ohio Police and Fire Pension Fund (OP&F), a cost-sharing multiple employer defined benefit pension plan. OP&F provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Benefit provisions are established by the Ohio State Legislature and are codified in Chapter 742 of the Ohio Revised Code. OP&F issues a publicly available financial report that includes financial statements and required supplementary information for the plan. That report may be obtained by writing to the Ohio Police and Fire Pension Fund, 140 East Town Street, Columbus, Ohio 43215-5164. Plan members are required to contribute 10.0% of their annual covered salary, while the Village is required to contribute 19.5% for police officers. The portion of the Village's contributions to fund pension obligations was 19.5% for police officers. The Village's contributions for pension obligations to OP&F for the years ended December 31, 2009, 2008, and 2007 were \$15,269, \$14,484, and \$14,443 respectively; 100% has been contributed for 2009, 2008, and 2007.

**Note 8 – Postretirement Benefit Plans**

**A. Ohio Public Employees Retirement System**

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in GASB Statement No. 12, "Disclosure of Information on Postemployment Benefits other than Pension Benefits by State and Local Government Employers". A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State Statute. The 2009 local government employer contribution rate was 14% of covered payroll (17.4% for public safety and law enforcement).

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

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

**VILLAGE OF ST. HENRY**  
**MERCER COUNTY**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2009*

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**Note 8 – Postretirement Benefit Plans** (Continued)

**B. Police and Firemen's Disability and Pension Fund**

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

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

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

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

The Board of Trustees is authorized to allocate a portion of the total employer contributions made to the pension plan to the 401(h) account as the employer contribution for retiree healthcare benefits. For the year ended December 31, 2009 the employer contribution allocated to the healthcare plan was 6.75% of covered payroll. The amount of employer contributions allocated to the healthcare plan each year is subject to the trustees' primary responsibility to ensure that pension benefits are adequately funded and also is limited by the provisions of Section 401(h).

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

**Note 9 – Risk Management**

**Risk Pool Membership**

The Village belongs to the Ohio Government Risk Management Plan (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self insurance risk management program and other administrative services to over 550 Ohio governments ("Members").

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages, modified for each Member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the Member's deductible.

The Plan issues its own policies and reinsures the Plan with A- VII or better rated carriers, except the Plan retains the lesser of 15% or \$37,500 of casualty losses and the lesser of 10% or \$100,000 of property losses. Individual Members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

**VILLAGE OF ST. HENRY**  
**MERCER COUNTY**  
*Notes to the Basic Financial Statements*  
*For the Year Ended December 31, 2009*

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**Note 9 – Risk Management** (Continued)

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.

The Pool’s audited financial statements conform with accounting principles generally accepted in the United States of America and reported the following assets, liabilities and retained earnings at December 31, 2009 and 2008, the latest information available:

	2009	2008
Total assets	\$ 11,176	\$ 10,471
Total liabilities	\$ (4,852)	\$ (5,287)
Member’s Equity	\$ 6,323	\$ 5,184
(Dollar amounts in thousands)		

You can read the complete audited financial statements for The Ohio Government Risk Management Plan at the Plan’s website, [www.ohioplan.org](http://www.ohioplan.org).

**Note 10 - Interfund Transfers**

During 2009 the following transfers were made:

Transfers from the Income Tax Fund to:	
General Fund	\$ 60,000
Other Governmental Funds	237,000
Total Transfers from the Income Tax Fund	\$ 297,000

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

***Perry & Associates***  
**Certified Public Accountants, A.C.**

PARKERSBURG  
1035 Murdoch Avenue  
Parkersburg, WV 26101  
(304) 422-2203

MARIETTA  
428 Second Street  
Marietta, OH 45750  
(740) 373-0056

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

July 8, 2010

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

To the Village Council:

We have audited the financial statements of the governmental activities, business-type activities, each major fund, and the aggregate remaining fund information of the **Village of St. Henry, Mercer County, Ohio** (the Village) as of and for the year ended December 31, 2009, which collectively comprise the Village's basic financial statements and have issued our report thereon dated July 8, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider finding 2009-001 described in the accompanying schedule of findings to be a material weakness.

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

### **Compliance and Other Matters**

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

We did note certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated July 8, 2010.

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

Respectfully Submitted,

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

**Perry and Associates**  
Certified Public Accountants, A.C.

**VILLAGE OF ST. HENRY  
MERCER COUNTY**

**SCHEDULE OF AUDIT FINDINGS  
DECEMBER 31, 2009**

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

**FINDING NUMBER 2009-001**

**Material Weakness**

**Posting Receipts and Expenditures**

Receipts and expenditures should be posted to the fund and line item accounts as established by Ohio Administrative Code.

Receipts and expenditures were not always posted correctly as described below:

- Note proceeds and the related capital outlay expenditure were not recorded to the Village's accounting system.
- Gas tax and Motor Vehicle License taxes were posted as taxes rather than intergovernmental receipts.

This issue resulted in adjustments and reclassifications being made to the Village's financial statements. The financial statements reflect all reclassifications and adjustments.

To help ensure accuracy and reliability in the financial reporting process, we recommend that management perform a detailed review of its draft financial statements. Such review should include procedures to ensure that all sources of revenues and expenditures are properly identified and classified on the financial statements. We also recommend the Fiscal Officer refer to Ohio Administrative Code Section 117-7-01 and/or the Ohio Village Handbook for guidance to determine the proper establishment of receipt and expenditure accounts and posting of receipts and expenditures.

**Management's Response** – We did not receive a response from officials to this finding.

**VILLAGE OF ST. HENRY  
MERCER COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
DECEMBER 31, 2009**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected, Significantly Different Corrective Action Taken, or Finding No longer Valid, <i>Explain</i>
2008-001	Posting Receipts and Expenditures	No	Repeated as 2009-001
2008-002	Ohio Revised Code 5705.41(D)	Yes	N/A





**Mary Taylor, CPA**  
Auditor of State

**VILLAGE OF ST. HENRY**

**MERCER COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
OCTOBER 14, 2010**