



Dave Yost • Auditor of State



VILLAGE OF ELDORADO  
PREBLE COUNTY

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# Dave Yost • Auditor of State

Eldorado Village  
Preble County  
160 North Main Street  
Eldorado, Ohio 45321

We have performed the procedures enumerated below, with which the Village Council and Mayor, and the management of Eldorado Village (the Village) have agreed, solely to assist the Council and Mayor in evaluating receipts, disbursements and balances recorded in their cash-basis accounting records for the years ended December 31, 2014 and 2013, and certain compliance requirements related to these transactions and balances. Management is responsible for recording transactions; and management, the Mayor, and / or the Council are responsible for complying with the compliance requirements. This agreed-upon procedures engagement was conducted in accordance with the American Institute of Certified Public Accountants' attestation standards and applicable attestation engagement standards included in the Comptroller General of the United States' *Government Auditing Standards*. The sufficiency of the procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

This report only describes exceptions exceeding \$10.

## Cash and Investments

1. We tested the mathematical accuracy of the December 31, 2014 and December 31, 2013 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2013 beginning fund balances recorded in the Fund Ledger Report to the December 31, 2012 balances in the prior year audited statements. We found no exceptions. We also agreed the January 1, 2014 beginning fund balances recorded in the Fund Ledger Report to the December 31, 2013 balances in the Fund Ledger Report. We found no exceptions.
3. We agreed the totals per the bank reconciliations to the total of the December 31, 2014 and 2013 fund cash balances reported in the Fund Status Reports. The amounts agreed.
4. We confirmed the December 31, 2014 bank account balances with the Village's financial institutions. We found no exceptions. We also agreed the confirmed balances to the amounts appearing in the December 31, 2014 bank reconciliation. The Village recorded Star Ohio investments at \$50,000 for December 31, 2014. The balance per the financial institution is \$50,051.24 for December 31, 2014; a difference of \$51.24.
5. We selected five reconciling debits (such as outstanding checks) haphazardly from the December 31, 2014 bank reconciliation:
  - a. We traced each debit to the subsequent January bank statement. We found no exceptions.
  - b. We traced the amounts and dates to the check register, to determine the debits were dated prior to December 31. We noted no exceptions.

### **Cash and Investments (Continued)**

6. We tested investments held at December 31, 2014 and December 31, 2013 to determine that they:
  - a. Were of a type authorized by Ohio Rev. Code Sections 135.13, 135.14 or 135.144. We found no exceptions.
  - b. Mature within the prescribed time limits noted in Ohio Rev. Code Section 135.13 or 135.14. We noted no exceptions.

### **Property Taxes, Intergovernmental and Other Confirmable Cash Receipts**

1. We selected a property tax receipt from one *Statement of Semiannual Apportionment of Taxes* (the Statement) for 2014 and one from 2013:
  - a. We traced the gross receipts from the *Statement* to the amount recorded in the Receipt Detail Report. The amounts agreed.
  - b. We determined whether the receipt was allocated to the proper funds as required by Ohio Rev. Code Sections 5705.05-.06 and 5705.10. We found no exceptions.
  - c. We determined whether the receipt was recorded in the proper year. The receipt was recorded in the proper year.
2. We scanned the Receipt Register Report to determine whether it included two real estate tax receipts for 2014 and 2013. We noted the Receipts Register Report included the proper number of tax receipts for each year.
3. We selected five receipts from the State Distribution Transaction Lists (DTL) from 2014 and five from 2013. We also selected five receipts from the County Auditor's Expenditure Ledger from 2014 and five from 2013.
  - a. We compared the amount from the above reports to the amount recorded in the Receipt Register Report. The amounts agreed.
  - b. We determined whether these receipts were allocated to the proper funds. We found no exceptions.
  - c. We determined whether the receipts were recorded in the proper year. We found no exceptions.
4. We confirmed the amounts paid from the Ohio Public Works Commission to the Village during 2014 and 2013 with the Ohio Public Works Commission. We found no exceptions.
  - a. We determined whether these receipts were allocated to the proper fund. We found no exceptions.
  - b. We determined whether the receipts were recorded in the proper year. We found no exceptions.

### **Water Operating, Sewer Operating, and Electric Operating Funds**

1. We haphazardly selected 10 Water Operating, Sewer Operating, and Electric Operating Funds collection cash receipts from the year ended December 31, 2014 and 10 Water Operating, Sewer Operating, and Electric Operating Funds collection cash receipts from the year ended 2013 recorded in the Receipt Register Report and determined whether the:
  - a. Receipt amount per the Receipt Register Report agreed to the amount recorded to the credit of the customer's account in the Utility Billing Trial Balance. The amounts agreed.
  - b. Amount charged for the related billing period:
    - i. Agreed with the debit to accounts receivable in the Utility Billing Trial Balance for the billing period. We found no exceptions.
    - ii. Complied with rates in force during the audit period multiplied by the consumption amount recorded for the billing period, plus any applicable late penalties, plus unpaid prior billings. We found no exceptions.
  - c. Receipt was posted to the proper funds, and was recorded in the year received. We found no exceptions.

**Water Operating, Sewer Operating, and Electric Operating Funds (Continued)**

2. We read the Utility Billing Delinquent Report.
  - a. We noted this report listed \$16,809.62 and \$21,027.56 of accounts receivable as of December 31, 2014 and 2013, respectively.
  - b. The Utility Billing Delinquent Report does not identify receivables that are more than 90 days delinquent.
3. We read the Utility Billing Trial Balance.
  - a. We noted this report listed a total of \$348.08 and \$962.08 non-cash receipts adjustments for the years ended December 31, 2014 and 2013, respectively.
  - b. We selected five non-cash adjustments from 2014 and five non-cash adjustments from 2013, and noted that the Board of Public Affairs approved each adjustment.

**Debt**

1. From the prior audit documentation, we noted the following bonds and loans outstanding as of December 31, 2012. These amounts agreed to the Villages January 1, 2013 balances on the summary we used in step 3.

<u>Issue</u>	<u>Principal outstanding as of December 31, 2012:</u>
OMEGA JV-5 Financing	\$85,902
Ohio Water Development Authority Loan	\$201,854
1978 Sewer Revenue Bonds	\$ 85,000
Ohio Public Works Commission Loan	\$ 63,691

2. We inquired of management, and scanned the Receipt Register Report and Payment Register Detail Report for evidence of debt issued during 2014 or 2013 or debt payment activity during 2014 or 2013. All debt noted agreed to the summary we used in step 3.
3. We obtained a summary of bonds and loan debt activity for 2014 and 2013 and agreed principal and interest payments from the related debt amortization schedules to Water Operating Fund, Sewage Debt Fund, and Electric Operating Fund payments reported in the Payment Register Detail Report. We also compared the date the debt service payments were due to the date the Village made the payments. We found no exceptions.
4. We agreed the amount of debt proceeds from the debt documents to amounts recorded in the Other Capital Projects fund per the Receipt Register Report. The amounts agreed.
5. For new debt issued during 2014 and 2013, we inspected the debt legislation, noting the Village must use the proceeds for East Mill Street Reconstruction. We scanned the Payment Register Detail Report and noted the Village made payments to Prograde Excavation & Demolition.

**Payroll Cash Disbursements**

1. We haphazardly selected one payroll check for five employees from 2014 and one payroll check for five employees from 2013 from the Employee Wage Detail Report and:
  - a. We compared the hours and pay rate, or salary recorded in the Employee Wage Detail Report to supporting documentation (timecard, legislatively or statutorily-approved rate or salary). We found that one employee was paid \$20 less than their approved pay for 2014. Because we did not test all employees, our report provides no assurance whether or not other similar errors occurred.

**Payroll Cash Disbursements (Continued)**

- b. We determined whether the fund and account codes to which the check was posted were reasonable based on the employees' duties as documented in the employees' personnel file. We also determined whether the payment was posted to the proper year. We found no exceptions.
2. We scanned the last remittance of tax and retirement withholdings for the year ended December 31, 2014 to determine whether remittances were timely paid, and if the amounts paid agreed to the amounts withheld, plus the employer's share where applicable, during the final withholding period during 2014. We noted the following:

<b>Withholding (plus employer share, where applicable)</b>	<b>Date Due</b>	<b>Date Paid</b>	<b>Amount Due</b>	<b>Amount Paid</b>
Federal income taxes & Medicare (and social security, for employees not enrolled in pension system)	January 31, 2015	December 16, 2014	\$638.14	\$638.14
State income taxes	January 15, 2015	December 8, 2014	\$160.68	\$160.68
OPERS retirement	January 30, 2015	December 17, 2014	\$1,864.16	\$1,864.16

**Non-Payroll Cash Disbursements**

1. We haphazardly selected ten disbursements from the Payment Register Detail Report for the year ended December 31, 2014 and ten from the year ended 2013 and determined whether:
  - a. The disbursements were for a proper public purpose. We found no exceptions.
  - b. The check number, date, payee name and amount recorded on the returned, canceled check agreed to the check number, date, payee name and amount recorded in the Payment Register Detail Report and to the names and amounts on the supporting invoices. We found no exceptions.
  - c. The payment was posted to a fund consistent with the restricted purpose for which the fund's cash can be used. We found no exceptions.
  - d. The fiscal officer certified disbursements requiring certification or issued a *Then and Now Certificate*, as required by Ohio Rev. Code Section 5705.41(D). We found no exceptions.

**Compliance – Budgetary**

1. We compared the total estimated receipts from the Amended Official Certificate of Estimated Resources, required by Ohio Rev. Code Section 5705.36(A)(1), to the amounts recorded in the Revenue Status Report for the General, Fire Disability and Pension and Sewer Operating funds for the years ended December 31, 2014 and 2013. The amounts on the *Certificate* agreed to the amount recorded in the accounting system, except for the General and Sewer Operating Funds. The Revenue Status Report recorded budgeted (i.e. certified) resources for the General fund of \$120,435.76 for 2013. However, the final *Amended Official Certificate of Estimated Resources* reflected \$155,275. The Revenue Status Report recorded budgeted (i.e. certified) resources for the Sewer Operating fund of \$105,132 for 2013. However, the final *Amended Official Certificate of Estimated Resources* reflected \$105,200. The fiscal officer should periodically compare amounts recorded in the Revenue Status Report to amounts recorded on the *Amended Official Certificate of Estimated Resources* to assure they agree. If the amounts do not agree, the Council may be using inaccurate information for budgeting and to monitor spending.

**Compliance – Budgetary (Continued)**

2. We scanned the appropriation measures adopted for 2014 and 2013 to determine whether, for the General, Fire Disability and Pension and Sewer Operating funds, the Council appropriated separately for “each office, department, and division, and within each, the amount appropriated for personal services,” as is required by Ohio Rev. Code Section 5705.38(C). We found no exceptions.
3. We compared total appropriations required by Ohio Rev. Code Sections 5705.38 and 5705.40, to the amounts recorded in the Appropriation Status Report for 2014 and 2013 for the following funds: General, Fire Disability and Pension, and Sewer Operating. The amounts on the appropriation resolutions agreed to the amounts recorded in the Appropriation Status report.
4. Ohio Rev. Code Sections 5705.36(A)(5) and 5705.39 prohibits appropriations from exceeding the certified resources. We compared total appropriations to total certified resources for the General, Fire Disability and Pension and Sewer Operating funds for the years ended December 31, 2014 and 2013. We noted that Sewer Operating Fund appropriations for 2014 exceeded certified resources by \$596.70, contrary to Ohio Rev. Code Section 5705.39. The Council should not pass appropriations exceeding certified resources. Allowing this to occur could cause the Village to incur fund balance deficits.
5. Ohio Rev. Code Section 5705.41(B) prohibits expenditures (disbursements plus certified commitments) from exceeding appropriations. We compared total expenditures to total appropriations for the years ended December 31, 2014 and 2013 for the General, Fire Disability and Pension Fund and Sewer Operating fund, as recorded in the Appropriation Status Report. We noted no funds for which expenditures exceeded appropriations.
6. Ohio Rev. Code Section 5705.09 requires establishing separate funds to segregate externally-restricted resources. We scanned the Receipt Register Report for evidence of new restricted receipts requiring a new fund during December 31, 2014 and 2013. We also inquired of management regarding whether the Village received new restricted receipts. We noted no evidence of new restricted receipts for which Ohio Rev. Code Section 5705.09 would require the Village to establish a new fund.
7. We scanned the 2014 and 2013 Revenue Status Reports and Appropriation Status Reports for evidence of interfund transfers exceeding \$100 which Ohio Rev. Code Sections 5705.14 - .16 restrict. We found no evidence of transfers these Sections prohibit, or for which Section 5705.16 would require approval by the Tax Commissioner and Court of Common Pleas.
8. We inquired of management and scanned the Appropriation Status Reports to determine whether the Village elected to establish reserve accounts permitted by Ohio Rev. Code Section 5705.13. We noted the Village did not establish these reserves.
9. We scanned the Cash Summary by Fund Report for the years ended December 31, 2014 and 2013 for negative cash fund balance. Ohio Rev. Code Section 5705.10 (I) provides that money paid into a fund must be used for the purposes for which such fund is established. As a result, a negative fund cash balance indicates that money from one fund was used to cover the expenses of another. We noted no funds having a negative cash fund balance.

### **Compliance – Contracts & Expenditures**

We inquired of management and scanned the Payment Register Detail Report for the years ended December 31, 2014 and 2013 to determine if the Village proceeded by force account (i.e. used its own employees) to maintain or repair roads (cost of project exceeding \$30,000) or to construct or reconstruct Village roads (cost of project \$30,000/per mile) for which Ohio Rev. Code Sections 117.16(A) and 723.52 requires the Village engineer, or officer having a different title but the duties and functions of an engineer, to complete a force account project assessment form (i.e., cost estimate). We identified no projects requiring the completion of the force account assessment form.

### **Compliance – American Municipal Power Joint Venture Debt Covenant Requirements**

1. The Village is a member of Ohio Municipal Electric Generation Agency Joint Venture 5 (OMEGA JV5). Section 17(A) of the Joint Venture Agreement requires the Village's Electric Utility receipts, as defined, to be at least 110% of its OMEGA JV5 operating & maintenance plus debt service charges, as defined.

Using information from the Village's unadjusted receipts and disbursements ledger, we calculated the cash basis debt coverage for its OMEGA JV5 for the years ended December 31, 2014 and 2013.

For the year ended December 31, 2014, the ratio of the Village's Electric Utility receipts to OMEGA JV5 debt service disbursements was 3.69, meeting the Village's debt covenant obligation of 1.10 times set forth in Section 17(A) of the Joint Venture Agreement.

For the year ended December 31, 2013, this ratio was 13.72, thus meeting the Village's debt covenant obligation.

Exhibit JV5 presents the supporting calculations.

We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on the Village's receipts, disbursements, balances and compliance with certain laws and regulations. Accordingly, we do not express an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of management, those charged with governance, and others within the Village, and is not intended to be, and should not be used by anyone other than these specified parties.



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

June 25, 2015

**AMP Ohio JV 5 Revenue Coverage Calculation  
ELECTRIC FUND  
VILLAGE OF ELDORADO  
PREBLE COUNTY  
Basis Of Accounting: Cash**

Year 2014
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**Statement of Revenues, Expenses and Changes in Fund Balances-- Operating Fund**

**Operating Revenues**

Charges for Services	\$ 393,400
Total Operating Revenues	<u>\$ 393,400</u>

**Operating Expenses**

Personal Services	\$ 39,628
Purchased Power AMP-Ohio (Including Gorsuch/JV5/JV2 Debt Service if recorded with Purch Pwr)	\$ 334,932
Materials & Supplies	<u>\$ 21,980</u>
Total Operating Expenses	<u>\$ 396,540</u>
Total Operating Income	<u>\$ (3,140)</u>

**Nonoperating Income/Expenses**

Non Operating Income	\$ 1,862
Non Operating Expenses	<u>\$ (26,774)</u>
Net Nonoperating Revenue	<u>\$ (24,912)</u>

**Transfers**

Transfers - In	\$ -
Transfers - Out	<u>\$ (18,548)</u>
Net Transfers	<u>\$ (18,548)</u>

Fund Balance - January 1	\$ 151,579
Fund Balance - December 31	\$ 104,979

**Calculation of Debt Coverage:**

**JV5**

1	Operating Income (From Above)	\$ (3,140)
2	<b>Add back:</b> JV5 Debt Service (If included above as Operating Expense)	\$ 8,774
3	JV2 Debt Service (If included above as Operating Expense)	\$ -
4	Other Electric System Debt Service (If included above as Operating Expense)	\$ -
5	Depreciation (GAAP) / Capital outlay (cash basis)	\$ 26,774
6	kWh Tax from General Fund Included in either Transfers In or Operating Income	<u>\$ -</u>
7	Adjusted Operating Income Available for Debt Service (L1+L2+L3+L4+L5+L6)	<u>\$ 32,408</u>
8	<b>Debt:</b> Omega JV5 Debt Service principal + interest	\$ 8,774
9	OMEGA JV2 Debt Service principal + interest	\$ -
10	Other Electric System Debt Service principal + interest	<u>\$ -</u>
11	Total Electric System Debt Service(L8+L9+L10)	<u>\$ 8,774</u>
12	<b>Coverage</b> (JV5 Covenants require 110% or 1.1 times coverage of all debt) (L7/L11)	<u>3.6936 Times</u>

**Note: The Fund Balance in a cash basis system is the Cash Balance.**

1 Months Revenues (Average) [equals charges for services / 12]	\$ 32,783
Fund Balance	\$ 104,979
Months of Electric Fund Balance "in reserve" (i.e. on hand)	3.2

AMP Ohio JV 5 Revenue Coverage Calculation  
**ELECTRIC FUND**  
**VILLAGE OF ELDORADO**  
**PREBLE COUNTY**  
Basis Of Accounting: Cash

Year 2013
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**Statement of Revenues, Expenses and Changes in Fund Balances-- Operating Fund**

**Operating Revenues**

Charges for Services	\$ 354,753
Total Operating Revenues	<u>\$ 354,753</u>

**Operating Expenses**

Personal Services	\$ 36,750
Purchased Power AMP-Ohio (Including Gorsuch/JV5/JV2 Debt Service if recorded with Purch Pwr)	\$ 270,328
Materials & Supplies	\$ 16,808
Total Operating Expenses	<u>\$ 323,886</u>
Total Operating Income	<u>\$ 30,867</u>

**Nonoperating Income/Expenses**

Non Operating Income	\$ 11,155
Non Operating Expenses	\$ (80,694)
Net Nonoperating Revenue	<u>\$ (69,539)</u>

**Transfers**

Transfers - In	\$ -
Transfers - Out	\$ (17,575)
Net Transfers	<u>\$ (17,575)</u>

Fund Balance - January 1	\$ 207,826
Fund Balance - December 31	\$ 151,579

**Calculation of Debt Coverage:**

**JV5**

1	Operating Income (From Above)	\$ 30,867
2	<b>Add back:</b> JV5 Debt Service (If included above as Operating Expense)	\$ 8,774
3	JV2 Debt Service (If included above as Operating Expense)	\$ -
4	Other Electric System Debt Service (If included above as Operating Expense)	\$ -
5	Depreciation (GAAP) / Capital outlay (cash basis)	\$ 80,694
6	kWh Tax from General Fund Included in either Transfers In or Operating Income	\$ -
		<u>\$ -</u>
7	Adjusted Operating Income Available for Debt Service (L1+L2+L3+L4+L5+L6)	<u>\$ 120,335</u>
8	<b>Debt:</b> Omega JV5 Debt Service principal + interest	\$ 8,774
9	OMEGA JV2 Debt Service principal + interest	\$ -
10	Other Electric System Debt Service principal + interest	\$ -
		<u>\$ -</u>
11	Total Electric System Debt Service(L8+L9+L10)	<u>\$ 8,774</u>
12	<b>Coverage</b> (JV5 Covenants require 110% or 1.1 times coverage of all debt) (L7/L11)	<u>13.7150 Times</u>

**Note: The Fund Balance in a cash basis system is the Cash Balance.**

1 Months Revenues (Average) [equals charges for services / 12]	\$ 29,563
Fund Balance	\$ 151,579
Months of Electric Fund Balance "in reserve" (i.e. on hand)	5.1



# Dave Yost • Auditor of State

**VILLAGE OF ELDORADO**

**PREBLE 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  
JULY 30, 2015**