

VILLAGE OF ELIDA
ALLEN COUNTY, OHIO

AUDITED FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2004 AND 2003



**Auditor of State
Betty Montgomery**

Village Council
Village of Elida
200 W. Main St.
P.O. Box 3074
Elida, OH 45807

We have reviewed the *Independent Auditor's Report* of the Village of Elida, Allen County, prepared by E.S. Evans and Company, for the audit period January 1, 2003 through December 31, 2004. 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.

Finding For Recovery

The administrative assistant is responsible for maintaining the Mayor's books, preparation of the docket for Mayor's Court, and collection and deposit of Mayor's court receipts. Duties also include issuance of garage sale permits and collection and issuance of receipts for these permits.

Per review of the Mayor's Court Cash Book, the Mayor's Monthly Statement to Council, receipts issued, and parking tickets and the actual deposits made to the bank the following shortages were noted in the deposits for the Mayor's Court. The Checks for Fines and Fees from Other Sources include receipts from Lima Municipal Court, Auditor of State, Insurance companies and reporting bureaus not accounted for in the Mayor's court cashbook:

	Receipts per Mayor's Court Cash Book/Mayor's Monthly Statement to Council/ and Receipt books	Parking Ticket Revenues Not accounted for in Mayor's Court Cash Book	Checks for Fines and Fees from Other Sources	Total Receipts	Actual Deposits Per Bank Statements	Variance
2004	\$17,564.00	\$285.00	\$4,447.00	\$22,296.00	\$14,674.00	\$7,622.00
2003	17,731.00	70.00	5,754.40	23,555.40	19,574.00	3,981.40
2002	29,973.00	*0.00	6,368.00	36,341.00	30,133.00	6,208.00
2001	21,660.00	*0.00	2,930.00	24,590.00	20,775.00	3,815.00
2000	16,882.75	*0.00	7,851.50	24,734.25	22,819.75	1,914.50
Total	\$103,810.75	\$355.00	\$27,350.90	\$131,516.65	\$107,975.75	\$23,540.90

* - Records such as parking tickets, receipt books could not be located

In addition, per review of the garage sale permits, receipts issued and amounts deposited with the Clerk-Treasurer of the Village, the following shortages were noted:

	Garage sale permit receipts	Monies deposited with Clerk- Treasurer	Variance
2004	\$121	\$83	\$38
2003	141	99	42
Total	262	182	\$80

In accordance with the forgoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public money collected but not accounted for is hereby issued against Kristina M. Young, Administrative Assistant, in the amount of \$23,620.90 in favor of the General Fund.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Auditor's Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Auditor's Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

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 Elida is responsible for compliance with these laws and regulations.



BETTY MONTGOMERY
Auditor of State

April 12, 2006

VILLAGE OF ELIDA
ALLEN COUNTY, OHIO

TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT -----	PAGE	1
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES – ALL GOVERNMENTAL FUND TYPES – FOR THE YEAR ENDED DECEMBER 31, 2004 -----		3
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES - PROPRIETARY FUND TYPES – FOR THE YEAR ENDED DECEMBER 31, 2004-----		4
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES – ALL GOVERNMENTAL FUND TYPES – FOR THE YEAR ENDED DECEMBER 31, 2003 -----		5
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES - PROPRIETARY FUND TYPES – FOR THE YEAR ENDED DECEMBER 31, 2003-----		6
NOTES TO FINANCIAL STATEMENTS -----		7
REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <u>GOVERNMENT</u> <u>AUDITING STANDARDS</u> -----		17
SCHEDULE OF FINDINGS- -----		19

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Robert E. Wendel, CPA • Dan F. Clifford, CPA • E.S. Evans, CPA, PFS (1930-1999)

May 5, 2005

INDEPENDENT AUDITOR'S REPORT

Village of Elida
Allen County, Ohio

We have audited the accompanying financial statements of the Village of Elida, Allen County, (the Village) as of and for the years ended December 31, 2004 and 2003. 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 Government Auditing Standards issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Village has prepared these financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Revisions to GAAP would require the Village to reformat its financial statement presentation and make other changes effective for the year ended December 31, 2004. Instead of the combined funds the accompanying financial statements present for 2004 (and 2003), the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2004. While the Village does not follow GAAP, generally accepted auditing standards require us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The Village has elected not to reformat its statements. Since the Village does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the year ended December 31, 2004 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2004, or their changes in financial position or cash flows of its proprietary funds for the year then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village as of December 31, 2004 and 2003, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The aforementioned revision to generally accepted accounting principles also requires the Village to include Management's Discussion and Analysis for the year ended December 31, 2004. The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with Government Auditing Standards, we have also issued our report dated May 5, 2005, 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 is assessing the results of our audit.

A handwritten signature in red ink, appearing to read "E. J. Quinn and Company", is located in the lower right quadrant of the page.

VILLAGE OF ELIDA
ALLEN COUNTY, OHIO

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL
FUND TYPES AND SIMILAR FIDUCIARY FUNDS

For the Year Ended December 31, 2004

	<u>Governmental Fund Types</u>		<u>Totals</u>
	<u>General</u>	<u>Special Revenue</u>	<u>(Memorandum Only)</u>
<u>Cash Receipts:</u>			
Local Taxes	\$ 98,265	\$ -	\$ 98,265
Intergovernmental Revenues	88,678	100,820	189,498
Fines, Licenses, and Permits	29,870	-	29,870
Interest Revenues	1,606	159	1,765
Miscellaneous	600	109	709
Total Cash Receipts	<u>219,019</u>	<u>101,088</u>	<u>320,107</u>
<u>Cash Disbursements:</u>			
Current -			
Security of Persons and Property	122,433	3,431	125,864
Public Health and Welfare	12,881	-	12,881
Community Environment	800	-	800
Basic Utility Services	100	-	100
Transportation	2,350	50,826	53,176
General Government	92,479	-	92,479
Capital Outlay	-	51,068	51,068
Total Cash Disbursements	<u>231,043</u>	<u>105,325</u>	<u>336,368</u>
Total Cash Receipts Over/(Under)			
Cash Disbursements	(12,024)	(4,237)	(16,261)
<u>Fund Cash Balance - January 1, 2004</u>	<u>98,314</u>	<u>61,467</u>	<u>159,781</u>
<u>Fund Cash Balance - December 31, 2004</u>	<u>\$ 86,290</u>	<u>\$ 57,230</u>	<u>\$ 143,520</u>

The accompanying notes are an integral part
of these financial statements.

VILLAGE OF ELIDA
ALLEN COUNTY, OHIO

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCE - PROPRIETARY FUND TYPES

For the Year Ended December 31, 2004

<u>Operating Cash Receipts:</u>	
Charges for Services	\$ <u>970,097</u>
<u>Operating Cash Disbursements:</u>	
Personnel Services	193,057
Employee Fringe Benefits	76,500
Contractual Services	417,876
Material and Supplies	54,480
Capital Outlay	115,080
Miscellaneous	<u>1,882</u>
Total Operating Cash Disbursements	<u>858,875</u>
Excess of Operating Cash Receipts Over/ (Under) Operating Cash Disbursements	<u>111,222</u>
<u>Non-Operating Cash Receipts/(Disbursements):</u>	
Miscellaneous	7,994
Debt Service -	
Principal	(136,279)
Interest	<u>(98,199)</u>
Total Non-Operating Cash Receipts/(Disbursements)	<u>(226,484)</u>
Excess of Net Cash Receipts Over/(Under) Disbursements	(115,262)
<u>Fund Cash Balance</u> - January 1, 2004	<u>434,580</u>
<u>Fund Cash Balance</u> - December 31, 2004	\$ <u><u>319,318</u></u>

The accompanying notes are an integral part
of these financial statements.

VILLAGE OF ELIDA
ALLEN COUNTY, OHIO

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL
FUND TYPES AND SIMILAR FIDUCIARY FUNDS

For the Year Ended December 31, 2003

	Governmental Fund Types		Totals
	General	Special Revenue	(Memorandum Only)
<u>Cash Receipts:</u>			
Local Taxes	\$ 89,322	\$ -	\$ 89,322
Intergovernmental Revenues	87,199	97,348	184,547
Fines, Licenses, and Permits	30,194	-	30,194
Interest Revenues	10,835	166	11,001
Miscellaneous	2,760	-	2,760
Total Cash Receipts	220,310	97,514	317,824
<u>Cash Disbursements:</u>			
Current -			
Security of Persons and Property	121,502	16,470	137,972
Public Health and Welfare	7,409	-	7,409
Community Environment	4,000	-	4,000
Basic Utility Services	449	-	449
Transportation	4,679	47,459	52,138
General Government	123,135	-	123,135
Capital Outlay	-	25,833	25,833
Total Cash Disbursements	261,174	89,762	350,936
Total Cash Receipts Over/(Under)			
Cash Disbursements	(40,864)	7,752	(33,112)
<u>Fund Cash Balance - January 1, 2003</u>	139,178	53,715	192,893
<u>Fund Cash Balance - December 31, 2003</u>	\$ 98,314	\$ 61,467	\$ 159,781

The accompanying notes are an integral part
of these financial statements.

VILLAGE OF ELIDA
ALLEN COUNTY, OHIO

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCE - PROPRIETARY FUND TYPES

For the Year Ended December 31, 2003

<u>Operating Cash Receipts:</u>	
Charges for Services	\$ <u>991,373</u>
<u>Operating Cash Disbursements:</u>	
Personnel Services	178,825
Employee Fringe Benefits	77,737
Contractual Services	357,900
Material and Supplies	75,280
Capital Outlay	499,935
Miscellaneous	<u>1,934</u>
Total Operating Cash Disbursements	<u>1,191,611</u>
Excess of Operating Cash Receipts Over/ (Under) Operating Cash Disbursements	<u>(200,238)</u>
<u>Non-Operating Cash Receipts/(Disbursements):</u>	
Miscellaneous	15,693
Proceeds from Note	160,000
Debt Service -	
Principal	(282,291)
Interest	<u>(106,423)</u>
Total Non-Operating Cash Receipts/(Disbursements)	<u>(213,021)</u>
Excess of Net Cash Receipts Over/(Under) Disbursements	(413,259)
<u>Fund Cash Balance</u> - January 1, 2003	<u>847,839</u>
<u>Fund Cash Balance</u> - December 31, 2003	\$ <u><u>434,580</u></u>

The accompanying notes are an integral part
of these financial statements.

VILLAGE OF ELIDA
ALLEN COUNTY, OHIO

NOTES TO FINANCIAL STATEMENTS
December 31, 2004 and 2003

Note 1 - Summary of Significant Accounting Policies

Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Elida, Allen County, (the Village), as a political and corporate body. A publicly-elected six-member Council governs the Village. The Village provides general governmental services including public safety, street maintenance, and water and sewer facilities.

The Village's management believes the financial statements present all activities for which the Village is financially accountable.

Basis of Accounting

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

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

Cash and Investments

Certificates of deposit are valued at cost.

Fund Accounting

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

General Fund

The General Fund reports all financial resources except those required to be accounted for in another fund.

VILLAGE OF ELIDA
ALLEN COUNTY, OHIO

NOTES TO FINANCIAL STATEMENTS
December 31, 2004 and 2003

Note 1 - Summary of Significant Accounting Policies - (continued)

Fund Accounting - (continued)

Special Revenue Funds

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

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

COPS Fast Fund – This fund receives money from a Federal Grant to provide an additional police officer for the Village.

Enterprise Funds

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

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

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

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

Water Debt Fund – This fund receives money from the water fund to pay water related debts of the Village.

Sewer Debt Fund – This fund receives money from the sewer fund to pay sewer related debts of the Village.

VILLAGE OF ELIDA
ALLEN COUNTY, OHIO

NOTES TO FINANCIAL STATEMENTS
December 31, 2004 and 2003

Note 1 - Summary of Significant Accounting Policies - (continued)

Budgetary Process

The Ohio Revised Code requires that each fund be budgeted.

Estimated Resources

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

Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund or function level of control, and appropriations may not exceed estimated resources. Village Council must annually approve appropriation measures and subsequent amendments. Unencumbered appropriations lapse at year end.

Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year. The Village did not encumber all commitments required by Ohio law.

A summary of 2004 and 2003 budgetary activity appears in Note 3.

Property, Plant and Equipment

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

Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

VILLAGE OF ELIDA
ALLEN COUNTY, OHIO

NOTES TO FINANCIAL STATEMENTS
December 31, 2004 and 2003

Note 2 – Equity in Pooled Cash

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

		<u>2004</u>		<u>2003</u>
Demand Deposits	\$	505,337	\$	371,661
Certificates of Deposit		90,000		90,000
Total Deposits		<u>595,337</u>		<u>461,661</u>

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

In addition to the deposits, the Village had \$100 of petty cash on hand at December 31, 2004 and 2003.

Note 3 – Budgetary Activity

Budgetary activity for the years ending December 31, 2004 and 2003 follows:

2004 Budgeted vs. Actual Receipts

<u>Fund Type</u>		<u>Budgeted</u>		<u>Actual</u>		<u>Variance</u>
		Receipts		Receipts		
General	\$	208,799	\$	219,019	\$	10,220
Special Revenue		84,796		101,088		16,292
Enterprise		1,257,051		978,091		(278,960)
	\$	<u>1,550,646</u>	\$	<u>1,298,198</u>	\$	<u>(252,448)</u>

2004 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>		<u>Appropriation</u>		<u>Budgetary</u>		<u>Variance</u>
		Authority		Expenditures		
General	\$	304,605	\$	231,043	\$	73,562
Special Revenue		142,686		105,325		37,361
Enterprise		1,582,825		1,093,353		489,472
	\$	<u>2,030,116</u>	\$	<u>1,429,721</u>	\$	<u>600,395</u>

VILLAGE OF ELIDA
ALLEN COUNTY, OHIO

NOTES TO FINANCIAL STATEMENTS
December 31, 2004 and 2003

Note 3 – Budgetary Activity – (continued)

2003 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 235,676	\$ 220,310	\$ (15,366)
Special Revenue	88,336	97,514	9,178
Enterprise	1,408,450	1,167,066	(241,384)
	<u>\$ 1,732,462</u>	<u>\$ 1,484,890</u>	<u>\$ (247,572)</u>

2003 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 369,840	\$ 261,174	\$ 108,666
Special Revenue	137,660	89,762	47,898
Enterprise	2,277,470	1,580,325	697,145
	<u>\$ 2,784,970</u>	<u>\$ 1,931,261</u>	<u>\$ 853,709</u>

Note 4 - Property Tax

Real property taxes become a lien on January 1 preceding the October 1 date for which the Village Council adopts tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. The State pays the Village amounts equaling these deductions. The Village includes these with Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half payment is due December 31. The second half payment is due the following June 20.

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

Property owners assess tangible personal property tax. They must file a list of tangible property to the County by each April 30. The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on the Village's behalf.

VILLAGE OF ELIDA
ALLEN COUNTY, OHIO

NOTES TO FINANCIAL STATEMENTS
December 31, 2004 and 2003

Note 5 - Debt Obligations

Debt outstanding at December 31, 2004 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Ohio Water Development Authority	\$ 407,488	7.11%
Ohio Water Development Authority	354,240	4.80%
Ohio Water Development Authority	43,463	6.16%
Ohio Public Works Commission	72,591	0.00%
Ohio Public Works Commission	29,000	0.00%
Water General Obligation Refunding Bonds	335,000	3.5 to 6.4%
Sewer Improvement General Obligation Bonds	<u>345,000</u>	4.15 to 6.625%
Total	<u>\$ 1,586,782</u>	

Water General Obligation Refunding Bonds were issued in 1993 by the Village of Elida relating to the construction of the original water plant. Bonds are retired annually ranging from \$30,000 to \$65,000. The interest rates range from 3.5% to 6.4%. Final payment is due February 15, 2010.

Sewer Improvement General Obligation Bonds were issued in 1994 by the Village of Elida in regards to a sewer relief phase II project mandated by the EPA. Bonds are retired annually ranging from \$10,000 to \$35,000. The interest rates range from 4.15% to 6.625%. Final payment is due December 1, 2019.

The Village of Elida received an interest free loan from the Ohio Public Works Commission in 1993 to assist in a sewer relief project mandated by the EPA. Payments are \$1,450 semiannually with the final payment due January 1, 2014.

The Village of Elida received an interest free loan from the Ohio Public Works Commission in 1992 in regards to a detention pond/wastewater collection system. Payments are \$3,821 semiannually with the final payment due January 1, 2014.

VILLAGE OF ELIDA
ALLEN COUNTY, OHIO

NOTES TO FINANCIAL STATEMENTS
December 31, 2004 and 2003

Note 5 - Debt Obligations - (continued)

The Village of Elida received a loan from the Ohio Water Development Authority in 1994 for a sewer relief project mandated by the EPA. Payments are \$3,091 semiannually at an interest rate of 6.16%. The final payment is due January 1, 2014.

The Village of Elida received a loan from the Ohio Water Development Authority in 1988 to assist in a sewer project mandated by the EPA. Payments are \$31,419 semiannually at an interest rate of 7.11%. The final payment is due July 1, 2013.

The Village of Elida received a water pollution control loan from the Ohio Water Development Authority in 1993 relating to a detention pond project mandated by the EPA. Payments are \$24,467 semiannually at an interest rate of 4.80%. The final payment is due July 1, 2013.

The Village of Elida also took out a short-term note in order to meet current obligations in order to avoid an early withdrawal penalty on a Certificate of Deposit. The loan was for \$160,000 at a rate of 4.34% from a local bank. The loan was taken out and paid off during calendar year 2003.

The annual requirements to amortize all debt outstanding as of December 31, 2004, including interest payments are scheduled as follows:

<u>Year Ending December 31,</u>	<u>Water Bonds</u>	<u>OWDA Loans</u>	<u>OPWC Loans</u>	<u>Sewer Bonds</u>
2005	\$ 69,840	\$ 117,957	\$ 10,541	\$ 37,714
2006	66,640	117,957	10,541	36,731
2007	68,280	117,957	10,541	35,749
2008	64,760	117,957	10,541	34,766
2009	66,080	117,957	10,541	38,784
2010-2019	67,080	479,418	48,886	410,188
	<u>\$ 402,680</u>	<u>\$ 1,069,203</u>	<u>\$ 101,591</u>	<u>\$ 593,932</u>

VILLAGE OF ELIDA
ALLEN COUNTY, OHIO

NOTES TO FINANCIAL STATEMENTS
December 31, 2004 and 2003

Note 6 – Retirement Systems

Ohio Public Employees Retirement System (OPERS)

The Village's employees, excluding the Village's uniformed Police employees, belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple employer plan. The Ohio Revised Code prescribes the plan's retirement benefits, including postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2004 and 2003, OPERS members contributed 8.5 percent of their gross salary. The Village contributed an amount equal to 13.55 percent of participants' gross salaries. The Village has paid all required contributions through December 31, 2004.

Police and Firemen's Disability and Pension Fund

The Village of Elida uniformed police employees participate in the police and firemen's disability and pension fund. This is a multi-employer cost sharing public employees' retirement system created by the State of Ohio. The fund provides pension disability and health care to qualified police personnel and survivors and death benefits to qualified spouses, children and dependent parents.

Employees contribute 10.0 percent of gross salaries and the employer contributes 19.5 percent of gross salaries. The Village has paid all required contributions through December 31, 2004.

Note 7 - Risk Management

The Village belongs to the Ohio Government Risk Management Plan ("the "Plan"), an unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to approximately 500 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 carries, except for the 5% portion retained by the Plan. After September 1, 2003, the Plan pays the lesser of 5% or \$25,000 of casualty losses and the lesser of 5% or \$50,000 or property losses. The individual members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

VILLAGE OF ELIDA
ALLEN COUNTY, OHIO

NOTES TO FINANCIAL STATEMENTS
December 31, 2004 and 2003

Note 7 - Risk Management – (continued)

The Pool's audited financial statements conform to generally accepted accounting principles, and reported the following assets, liabilities and Member's Equity at December 31:

	<u>2004</u>		<u>2003</u>
Assets	\$ 6,685,522	\$	5,402,167
Liabilities	<u>2,227,808</u>		<u>1,871,123</u>
Member's Equity	<u>\$ 4,457,714</u>	\$	<u>3,531,044</u>

You can read the complete audited financial statements for The Ohio Government Risk Management Plan at the Plan's website, www.ohioplan.org.

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Robert E. Wendel, CPA • Dan F. Clifford, CPA • E.S. Evans, CPA, PFS (1930-1999)

May 5, 2005

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

Village of Elida
Allen County, Ohio

We have audited the financial statements of the Village of Elida, Allen County, Ohio, (the Village) as of and for the years ended December 31, 2004 and 2003, and have issued our report thereon dated May 5, 2005, wherein we noted the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village of Elida's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that is required to be reported under Government Auditing Standards which are described in the accompanying schedule of findings as items 2005-8204-001 and 2005-8204-003. We also noted other immaterial instances of noncompliance, which we have reported to management of the Village of Elida in a separate letter dated May 5, 2005.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village of Elida's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Village of Elida's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings as 2005-8204-002.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable condition and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider finding 2005-8204-002 to be a material weakness. We have also noted other matters involving the internal control over financial reporting that we have reported to the management of the Village of Elida in a separate letter dated May 5, 2005.

This report is intended solely for the information and use of the audit committee, management, Council of the Village of Elida, and Auditor of State of Ohio and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in red ink, appearing to read "E. J. ...", is located in the lower right quadrant of the page.

VILLAGE OF ELIDA
ALLEN COUNTY, OHIO

SCHEDULE OF FINDINGS
December 31, 2004 and 2003

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Finding Number 2005-8204-001 - Deposits of Public Money - Noncompliance

During our review of the Mayor's Court, we obtained the Mayor's monthly statements to Council and agreed the ticket revenues to the bank deposits in the Mayor's Court Bank account. Some deposits were found to be weeks after the receipt was written for payment. In addition, some could not be verified to the deposit as receipts were not coded if paid by cash or check. The Ohio Revised Code Section 9.38 requires public money to be deposited to the designated depository by the next business day of the week following the date of collection. If the amount of daily receipts does not exceed \$1,000 and the receipts can be safeguarded, Council may adopt a policy permitting public officials receiving money to hold it past the next business day. However, the deposit must be made no later than 3 business days after receiving it. We recommend all Village funds be deposited by the next business day of the week to prevent any opportunity for theft, or loss of funds and interest by the Village.

Finding Number 2004-8675-002 – Mayor's Court – Internal Control

In reviewing Mayor's Court, we noted the balance in this bank account is not being reflected on the Village's cash schedule. This was properly accounted for on the audited financial statements, and was also commented on during the prior audit. We also recommend that someone other than the Administrative Assistant who is responsible for collecting and depositing the money, reconcile the bank account.

In addition, we recommend that the Administrative Assistant write a receipt for all money collected, specifically, tickets, parking tickets, Municipal Court payments, and any other miscellaneous source such as for copies of accident reports. Every receipt should in turn be listed on the Mayor's Monthly Statement to Council in order to properly account for the Village and State portion of the fines. In addition, a copy of this, along with the receipt book should be given to the Fiscal Officer each month for use in reconciling the bank and recording the activity on the Village books.

The Village should also keep a master listing of tickets (including parking violations) issued, marked accordingly when paid and cross-referenced to the receipt number. This should be used by the Police for following up on unpaid violations. This can also serve as a control to verify all tickets collected are being deposited into the bank and properly recorded on the Village books.

VILLAGE OF ELIDA
ALLEN COUNTY, OHIO

SCHEDULE OF FINDINGS
December 31, 2004 and 2003

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Finding Number 2004-8675-003 – Expenditures - Compliance

Ohio Rev. Code Section 5705.41(D) prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. "Then and Now" Certificate — If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the entity can authorize the drawing of a warrant for the payment of the amount due. The entity has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts of less than \$1,000 (\$3,000, effective April 7, 2003) may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the entity.

2. Blanket Certificate — The fiscal officer may prepare "blanket" certificates not exceeding \$5,000 (an amount established by resolution or ordinance adopted by the legislative authority, effective September 26, 2003) against any specific line item account over a period not exceeding three months (three month limitation was eliminated effective September 26, 2003) or running beyond the current year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

3. Super Blanket Certificate — The entity may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any one line item appropriation.

VILLAGE OF ELIDA
ALLEN COUNTY, OHIO

SCHEDULE OF FINDINGS
December 31, 2004 and 2003

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Finding Number 2004-8675-003 – Expenditures – Compliance – (continued)

During 2004 and 2003, the Village did not properly certify the availability of funds prior to purchase commitment for 28% of the expenditures tested and there was no evidence that the Village followed the aforementioned exceptions. Failure to properly certify the availability of funds can result in overspending and negative cash fund balances.

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Village's funds exceeding budgetary spending limitations, the Village Fiscal Officer should certify that the funds are or will be available prior to the obligation by the Village. When prior certification is not possible, "then and now" certification should be used.

The Village should certify purchases to which Section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language of 5705.41(D). The Fiscal Officer should sign the certification at the time the Village incurs a commitment, and only when the requirements of 5705.41(D) are satisfied. The Fiscal Officer should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation.



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VILLAGE OF ELIDA

ALLEN 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
MAY 16, 2006**