

VILLAGE OF ELIDA
ALLEN COUNTY, OHIO

AUDITED FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2002 AND 2001

This page was intentionally left blank.



**Auditor of State
Betty Montgomery**

Village Council
Village of Elida
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 & Company, for the audit period January 1, 2001 through December 31, 2002. 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 Elida is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

August 12, 2003

This Page is Intentionally Left Blank.

VILLAGE OF ELIDA
ALLEN COUNTY, OHIO

TABLE OF CONTENTS

INDEPENDENT AUDITOR'S REPORT -----	PAGE	2
COMBINED STATEMENT OF CASH, INVESTMENTS, AND FUND CASH BALANCES - ALL FUND TYPES -----		4
COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES – ALL GOVERNMENTAL FUND TYPES AND SIMILAR FIDUCIARY FUNDS -----		5
COMBINED STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCE - PROPRIETARY FUND TYPES -----		7
COMBINED STATEMENT OF RECEIPTS - BUDGET AND ACTUAL -----		8
COMBINED STATEMENT OF DISBURSEMENTS AND ENCUMBRANCES COMPARED WITH EXPENDITURE AUTHORITY -----		9
NOTES TO FINANCIAL STATEMENTS -----		11
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> -----		22
SCHEDULE OF FINDINGS- -----		24
SCHEDULE OF PRIOR AUDIT FINDINGS-----		25

This page was intentionally left blank.



E.S. Evans and Company

Certified Public Accountants and Consultants

205 West Elm Street • Lima, Ohio 45801 • Phone: (419) 223-3075

P.O. Box 298 • Lima, Ohio 45802 • Fax: (419) 222-8507 • E-mail: askus@esevans.com

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

May 20, 2003

INDEPENDENT AUDITOR'S REPORT

Village of Elida
Allen County, Ohio

and

Auditor of State of Ohio
Columbus, Ohio

We have audited the accompanying combined financial statements of the Village of Elida, as of and for the years ended December 31, 2002 and 2001. These combined financial statements are the responsibility of the Village of Elida's management. Our responsibility is to express an opinion on these combined financial statements based on our audit.

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

As discussed in Note 1, the Village of Elida prepares its combined financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the combined financial statements referred to above present fairly, in all material respects, the combined cash, investments, and combined fund cash balances of the Village of Elida, as of December 31, 2002 and 2001, and its combined cash receipts and disbursements and its combined budgeted and actual receipts and budgeted and actual disbursements and encumbrances, for the years then ended on the basis of accounting described in Note 1.

In accordance with Government Auditing Standards, we have also issued a report dated May 20, 2003 on our consideration of the Village of Elida's internal control over financial reporting and on our tests of its' compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Village of Elida
Auditor of State of Ohio
May 20, 2003
Page 2

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

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

VILLAGE OF ELIDA
ALLEN COUNTY, OHIO

COMBINED STATEMENT OF CASH, INVESTMENTS,
AND FUND CASH BALANCES - ALL FUND TYPES

December 31, 2002 and 2001

	<u>2002</u>	<u>2001</u>
<u>POOLED CASH AND INVESTMENTS</u>		
Cash	\$ <u>1,040,732</u>	\$ <u>1,048,329</u>

POOLED CASH AND INVESTMENT BALANCES BY FUND TYPE

Governmental Funds:

General Fund	\$ 139,178	\$ 169,665
Special Revenue Funds	53,715	71,919

Proprietary Funds:

Enterprise Funds	<u>847,839</u>	<u>806,745</u>
------------------	----------------	----------------

Total	\$ <u>1,040,732</u>	\$ <u>1,048,329</u>
-------	---------------------	---------------------

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

VILLAGE OF ELIDA
ALLEN COUNTY, OHIO

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

For the Year Ended December 31, 2002

	Governmental Fund Types		Totals
	General	Special Revenue	(Memorandum Only)
<u>Revenue Receipts:</u>			
Local Taxes	\$ 86,757	\$ -	\$ 86,757
Intergovernmental Revenues	73,824	95,612	169,436
Charges for Services	-	-	-
Fines, Licenses, and Permits	32,251	-	32,251
Interest Revenues	22,327	44	22,371
Miscellaneous	10,232	3,273	13,505
Total Revenue Receipts	225,391	98,929	324,320
<u>Expenditure Disbursements:</u>			
Current -			
Security of Persons and Property	106,266	22,888	129,154
Public Health and Welfare	7,285	-	7,285
Community Environment	3,340	-	3,340
Basic Utility Services	4,582	-	4,582
Transportation	1,416	36,104	37,520
General Government	115,934	-	115,934
Capital Outlay	17,055	58,141	75,196
Total Expenditure Disbursements	255,878	117,133	373,011
Total Revenue Receipts Over/(Under)			
Expenditure Disbursements	(30,487)	(18,204)	(48,691)
<u>Fund Cash Balance - January 1, 2002</u>	169,665	71,919	241,584
<u>Fund Cash Balance - December 31, 2002</u>	\$ 139,178	\$ 53,715	\$ 192,893

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

VILLAGE OF ELIDA
ALLEN COUNTY, OHIO

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

For the Year Ended December 31, 2001

	Governmental Fund Types		Totals
	General	Special Revenue	(Memorandum Only)
<u>Revenue Receipts:</u>			
Local Taxes	\$ 86,012	\$ -	\$ 86,012
Intergovernmental Revenues	54,712	96,937	151,649
Fines, Licenses, and Permits	27,377	-	27,377
Interest Revenues	33,179	34	33,213
Miscellaneous	4,772	752	5,524
Total Revenue Receipts	206,052	97,723	303,775
<u>Expenditure Disbursements:</u>			
Current -			
Security of Persons and Property	106,267	11,693	117,960
Public Health and Welfare	7,009	-	7,009
Community Environment	4,000	-	4,000
Basic Utility Services	678	-	678
Transportation	3,043	37,437	40,480
General Government	106,223	-	106,223
Capital Outlay	-	21,631	21,631
Total Expenditure Disbursements	227,220	70,761	297,981
Total Revenue Receipts Over/(Under)			
Expenditure Disbursements	(21,168)	26,962	5,794
Other Financing Sources (Uses):			
Operating Transfers In	9,384	-	9,384
Operating Transfers Out	-	(9,384)	(9,384)
Total Other Financing Sources (Uses)	9,384	(9,384)	-
Excess of Receipts and Other Sources Over/ (Under) Disbursements and Other Uses			
	(11,784)	17,578	5,794
<u>Fund Cash Balance - January 1, 2001</u>	181,449	54,341	235,790
<u>Fund Cash Balance - December 31, 2001</u>	\$ 169,665	\$ 71,919	\$ 241,584

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

VILLAGE OF ELIDA
ALLEN COUNTY, OHIO

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

For the Years Ended December 31, 2002 and 2001

	Proprietary Fund Types	
	Enterprise	
	2002	2001
<u>Operating Receipts:</u>		
Charges for Services	\$ 988,735	\$ 988,983
Miscellaneous	5,234	6,685
Total Operating Receipts	993,969	995,668
<u>Operating Disbursements:</u>		
Personnel Services	162,918	153,308
Employee Fringe Benefits	64,409	62,348
Contractual Services	323,680	325,176
Material and Supplies	78,065	80,126
Capital Outlay	90,857	202,231
Miscellaneous	1,925	2,695
Total Operating Disbursements	721,854	825,884
Excess of Cash Operating Receipts Over/ (Under) Operating Disbursements	272,115	169,784
<u>Non-Operating Receipts/(Disbursements):</u>		
Fines, Licenses & Permits	76	45
Debt Service -		
Principal	(119,060)	(89,934)
Interest	(112,037)	(84,854)
Total Non-Operating Receipts/(Disbursements)	(231,021)	(174,743)
Excess of Net Cash Receipts Over/(Under) Disbursements	41,094	(4,959)
<u>Fund Cash Balance</u> - January 1,	806,745	811,704
<u>Fund Cash Balance</u> - December 31,	\$ 847,839	\$ 806,745

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

VILLAGE OF ELIDA
ALLEN COUNTY, OHIO

COMBINED STATEMENT OF RECEIPTS - BUDGET AND ACTUAL

For the Years Ended December 31, 2002 and 2001

<u>Fund Types/Funds:</u>	2002		
	Budget	Actual	Variance Favorable (Unfavorable)
<u>Governmental:</u>			
General	\$ 394,703	\$ 225,391	\$ (169,312)
Special Revenue	163,294	98,929	(64,365)
<u>Proprietary:</u>			
Enterprise	2,055,195	994,045	(1,061,150)
<u>Total (Memorandum Only)</u>	\$ 2,613,192	\$ 1,318,365	\$ (1,294,827)
	2001		
	Budget	Actual	Variance Favorable (Unfavorable)
<u>Governmental:</u>			
General	\$ 381,945	\$ 215,436	\$ (166,509)
Special Revenue	299,095	97,723	(201,372)
<u>Proprietary:</u>			
Enterprise	2,076,628	995,713	(1,080,915)
<u>Total (Memorandum Only)</u>	\$ 2,757,668	\$ 1,308,872	\$ (1,448,796)

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

VILLAGE OF ELIDA
ALLEN COUNTY, OHIO

**COMBINED STATEMENT OF DISBURSEMENTS AND
ENCUMBRANCES COMPARED WITH EXPENDITURE AUTHORITY**

For the Years Ended December 31, 2002 and 2001

<u>Fund Types/Funds:</u>	<u>Prior Year Carryover Appropriation</u>	<u>2002 Appropriation</u>	<u>Total</u>
<u>Governmental:</u>			
General	\$ -	\$ 373,810	\$ 373,810
Special Revenue	-	149,708	149,708
<u>Proprietary:</u>			
Enterprise	-	1,713,740	1,713,740
<u>Total (Memorandum Only)</u>	<u>\$ -</u>	<u>\$ 2,237,258</u>	<u>\$ 2,237,258</u>

<u>Fund Types/Funds:</u>	<u>Prior Year Carryover Appropriation</u>	<u>2001 Appropriation</u>	<u>Total</u>
<u>Governmental:</u>			
General	\$ 917	\$ 356,550	\$ 357,467
Special Revenue	444	105,400	105,844
<u>Proprietary:</u>			
Enterprise	14,716	1,638,625	1,653,341
<u>Total (Memorandum Only)</u>	<u>\$ 16,077</u>	<u>\$ 2,100,575</u>	<u>\$ 2,116,652</u>

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

<u>2002 Actual Disbursements</u>	<u>Encumbrances Outstanding at 12-31-02</u>	<u>Total</u>	<u>Variance Favorable (Unfavorable)</u>
\$ 255,878	\$ -	\$ 255,878	\$ 117,932
117,133	-	117,133	32,575
<u>952,951</u>	<u>-</u>	<u>952,951</u>	<u>760,789</u>
<u>\$ 1,325,962</u>	<u>\$ -</u>	<u>\$ 1,325,962</u>	<u>\$ 911,296</u>

<u>2001 Actual Disbursements</u>	<u>Encumbrances Outstanding at 12-31-01</u>	<u>Total</u>	<u>Variance Favorable (Unfavorable)</u>
\$ 227,220	\$ -	\$ 227,220	\$ 130,247
80,145	-	80,145	25,699
<u>1,000,672</u>	<u>-</u>	<u>1,000,672</u>	<u>652,669</u>
<u>\$ 1,308,037</u>	<u>\$ -</u>	<u>\$ 1,308,037</u>	<u>\$ 808,615</u>

VILLAGE OF ELIDA
ALLEN COUNTY, OHIO

NOTES TO FINANCIAL STATEMENTS
December 31, 2002 and 2001

Note 1 - Summary of Significant Accounting Policies

Description of the Entity

The Village of Elida is a political and corporate body 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: public safety, street maintenance, water and sewer facilities, and general administrative services.

The Village's management believes the financial statements included in this report represent all of the funds of the Village over which the Village has the ability to exercise direct operating control.

Basis of Accounting

The Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Consequently, revenues are recognized when received rather than when earned, and expenditures are recognized when paid rather than when the obligation is incurred. A general fixed asset group and long-term debt group of accounts are not recorded on the financial statements by the Village under the basis of accounting used. 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.

Fund Accounting

The accounting system is organized and operated on a fund basis. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations or limitations. The Village uses the following major fund types:

Governmental Funds

General Fund

The General Fund accounts for all the revenues and expenditures of the Village that are not required to be accounted for in other funds.

VILLAGE OF ELIDA
ALLEN COUNTY, OHIO

NOTES TO FINANCIAL STATEMENTS
December 31, 2002 and 2001

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

Fund Accounting - (continued)

Special Revenue Fund

The Special Revenue Fund is used to account for the proceeds of specific revenue sources (other than capital projects and expendable trusts), the expenditures for which are legally restricted to 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.

Proprietary Funds

Enterprise Funds

Enterprise Funds are used to account for the operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purpose.

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, 2002 and 2001

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

Budgets

The Village is required by state law to adopt annual budgets for all funds. Each budget is presented on the cash basis of accounting. The tax budget of estimated cash receipts and disbursements is required to be submitted to the County Auditor, as secretary of the County Budget Commission, by July 15 of each year, for the following year.

Estimated Resources

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, this certificate is amended to include any unencumbered balances from the preceding year. 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. Budget receipts as shown in the accompanying financial statements do not include January 1, 2001 or January 1, 2002 unencumbered fund balances. However, those fund balances are available for appropriations.

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

Encumbrances

The Village is required to use the encumbrance method of accounting by virtue of Ohio law. Under this system, purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve the portion of the applicable appropriation. At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be reappropriated.

Property, Plant and Equipment

Fixed assets acquired or constructed for general governmental service are recorded as expenditures. Depreciation is not recorded for these fixed assets.

VILLAGE OF ELIDA
ALLEN COUNTY, OHIO

NOTES TO FINANCIAL STATEMENTS
December 31, 2002 and 2001

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

Total Columns on Financial Statements

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

Note 2 - Cash and Investments

The Village maintains a cash and investment pool used by all funds. Each fund type's portion of this pool is displayed on the Combined Statement of Cash and Investments as "Pooled Cash and Investments Balances By Fund Type".

Legal Requirements

Statutes require the classification of moneys held by the Village into three categories:

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

Category 2 - consists of "inactive" moneys, those moneys not required for use within the current two year period of designation of depositories. Inactive moneys may be deposited or invested only as certificates of deposit maturing not later than the end of the current period of designation of depositories.

VILLAGE OF ELIDA
ALLEN COUNTY, OHIO

NOTES TO FINANCIAL STATEMENTS
December 31, 2002 and 2001

Note 2 - Cash and Investments – (continued)

Legal Requirements – (continued)

Category 3 - consists of “interim” moneys, those moneys which are not needed for immediate use but which will be needed before the end of the current period of depositories. Interim moneys may be invested or deposited in the following securities:

1. Bonds, notes, or other obligations of or guaranteed by the United States, or those for which the faith of the United States is pledged for the payment of principal and interest;
2. Bonds, notes, debentures, or other obligations or securities issued by any federal government agency, or the Export-Import Bank of Washington;
3. Repurchase agreements in the securities enumerated above;
4. Interim deposits in the eligible institutions applying for interim moneys;
5. Bonds and other obligations of the State of Ohio; and
6. The State Treasurer’s investment pool.

Deposits

At December 31, 2002 and 2001, the carrying amount of the Village of Elida’s deposits were \$1,040,632 and \$1,048,229 and the bank balances were \$1,064,372 and \$1,063,853 respectively. The Village was insured for \$200,000 by the federal depository insurance. The remaining balance was covered by collateral deposit of securities with qualified trustee as pledged to the Village. In addition to the deposits, the Village had \$100 of petty cash on hand at December 31, 2002 and 2001.

VILLAGE OF ELIDA
ALLEN COUNTY, OHIO

NOTES TO FINANCIAL STATEMENTS
December 31, 2002 and 2001

Note 3 - Property Tax

Real property taxes become a lien on all non-exempt real property located in the county on January 1. Real property taxes are payable annually or semiannually. 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.

The full tax rate applied to real property for the calendar years ended December 31, 2002 and 2001 was \$4.05 per \$1,000 of assessed valuation. After adjustment of the rate for inflationary increases in property values, the effective tax rate was \$2.73 per \$1,000 of assessed valuation for real property classified as residential/agricultural and \$2.77 per \$1,000 of assessed valuation for all other real property. Real property owners' tax bills are further reduced by homestead and rollback deductions, when applicable. The amount of these homestead and rollback reductions is reimbursed to the Village by the State of Ohio, and are reflected in the financial statements as intergovernmental receipts.

Owners of tangible personal property are required to file a list of such property including costs, by April 30 of each year. The property is assessed for tax purposes at varying statutory percentages of cost. The tax rate applied to tangible personal property for the calendar years ended December 31, 2002 and 2001 was \$4.05 per \$1,000 of assessed valuation.

	<u>2002</u>	<u>2001</u>
Real Property - Valuation		
Residential/Agricultural	\$ 24,266,070	\$ 24,158,050
Commercial/Industrial	3,223,820	3,153,310
Public Utilities	8,490	8,040
Tangible Personal Property		
Public Utilities	2,111,630	2,206,770
General - Valuation	1,039,990	882,250
	<u>\$ 30,650,000</u>	<u>\$ 30,408,420</u>

The Allen County Treasurer collects property tax on behalf of all taxing districts within the County. The Allen County Auditor periodically remits to the taxing districts their portions of the taxes collected.

VILLAGE OF ELIDA
ALLEN COUNTY, OHIO

NOTES TO FINANCIAL STATEMENTS
December 31, 2002 and 2001

Note 4 - Debt Obligations

Debt outstanding at December 31, 2002 and 2001 consisted of the following:

	Principal Balance	
	2001	2002
Ohio Water Development Authority	\$ 442,477	\$ 414,448
Ohio Water Development Authority	496,185	468,625
Ohio Water Development Authority	52,805	49,875
Ohio Public Works Commission	91,694	84,053
Ohio Public Works Commission	36,250	33,350
Water General Obligation Refunding Bonds	460,000	420,000
Sewer Improvement General Obligation Bonds	385,000	375,000
Total	\$ 1,964,411	\$ 1,845,351

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 \$1,821 semiannually with the final payment due January 1, 2014.

VILLAGE OF ELIDA
ALLEN COUNTY, OHIO

NOTES TO FINANCIAL STATEMENTS
December 31, 2002 and 2001

Note 4 - 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 annual requirements to amortize all debt outstanding as of December 31, 2002, including interest payments of \$741,824 are as follows:

<u>Year Ending</u> <u>December 31,</u>	<u>Water</u> <u>Bonds</u>	<u>OWDA</u> <u>Loans</u>	<u>OPWC</u> <u>Loans</u>	<u>Sewer</u> <u>Bonds</u>
2003	\$ 65,420	\$ 117,957	\$ 10,541	\$ 39,438
2004	67,880	117,957	10,541	38,584
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
Thereafter	<u>197,920</u>	<u>710,837</u>	<u>64,698</u>	<u>444,954</u>
	<u>\$ 535,980</u>	<u>\$ 1,300,622</u>	<u>\$ 117,403</u>	<u>\$ 633,170</u>

Note 5 - Pension and Retirement Plans

Public Employees Retirement System (PERS)

The Public Employees Retirement System of Ohio (PERS) is a state operated cost sharing, multiple employer public employee retirement system. Full-time permanent employees of the Village of Elida belong to Public Employees Retirement System. Public Employees Retirement System provides retirement benefits to employees who are eligible to retire based upon years of service. Public Employees Retirement System also provides survivor and disability benefits to vested employees.

VILLAGE OF ELIDA
ALLEN COUNTY, OHIO

NOTES TO FINANCIAL STATEMENTS
December 31, 2002 and 2001

Note 5 - Pension and Retirement Plans – (continued)

Public Employees Retirement System (PERS) – (continued)

Employees contribute 8.5 percent of gross salary. The employer matching share was 13.55 percent. The pension contribution requirement for the Village, for the year ended December 31, 2002, was \$56,778 which consisted of \$21,887 from employees and \$34,891 from the employer, and for the year ended December 31, 2001, the Village contribution was \$53,714 which consisted of \$20,706 from employees and \$33,008 from the employer. The Village has paid all required contributions through December 31, 2002.

Police and Firemen's Disability and Pension Fund

The Village of Elida uniformed police employees participating in the police and firemen's disability and pension fund 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 required contribution for the Village for the year ended December 31, 2002 was \$16,268 which consisted of \$5,515 from the employees and \$10,753 from the employer. For the year ended December 31, 2001, the required contribution was \$13,475 of which \$4,568 was from the employees and \$8,907 was from the employer. The Village has paid all required contributions through December 31, 2002.

Note 6 - Accrued Vacation and Sick Pay

Accumulated unpaid vacation and sick pay is not accrued under the cash basis of accounting described in Note 1. At December 31, 2002 and 2001, management estimated that the accrued vacation and sick pay was \$12,317 and \$11,744, respectively. All leave will either be absorbed by time off from work, or within certain limitations, be paid to employees. It is not practical to determine the actuarial value of the benefits at December 31, 2002 or 2001.

VILLAGE OF ELIDA
ALLEN COUNTY, OHIO

NOTES TO FINANCIAL STATEMENTS
December 31, 2002 and 2001

Note 7 - Risk Management

The Village maintains comprehensive insurance coverage with private insurers for all real and personal property, including automobile coverage for the following risks: general liability, auto liability, uninsured motorists, property coverage, law enforcement liability, wrongful acts coverage, inland marine, crime, and a boiler policy.

The Village has medical and life insurance coverage for full-time employees through a commercial insurer.

This page was intentionally left blank.



E.S. Evans and Company

Certified Public Accountants and Consultants

205 West Elm Street • Lima, Ohio 45801 • Phone: (419) 223-3075

P.O. Box 298 • Lima, Ohio 45802 • Fax: (419) 222-8507 • E-mail: askus@esevans.com

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

May 20, 2003

**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

and

Auditor of State of Ohio
Columbus, Ohio

We have audited the combined financial statements of the Village of Elida, Allen County, Ohio as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated May 20, 2003. 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 no instances of noncompliance that are required to be reported under Government Auditing Standards. However, we noted certain immaterial instances of noncompliance, which we have reported to management of Village of Elida in a separate letter dated May 20, 2003.

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 assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting, which we have reported to management of Village of Elida in a separate letter dated May 20, 2003.

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, 2002 and 2001

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

NONE

VILLAGE OF ELIDA
ALLEN COUNTY, OHIO

SCHEDULE OF PRIOR AUDIT FINDINGS
December 31, 2002 and 2001

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected: Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
NONE			



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

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
SEPTEMBER 9, 2003**