

VILLAGE OF ELIDA
ALLEN COUNTY, OHIO

AUDITED FINANCIAL STATEMENTS
FOR THE YEARS ENDED
DECEMBER 31, 2006 AND 2005



Mary Taylor, CPA

Auditor of State

Village Council
Village of Elida
200 W. Main Street
P.O. Box 3074
Elida, Ohio 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, 2005 through December 31, 2006. 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.

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.

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Mary Taylor, CPA
Auditor of State

November 2, 2007

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VILLAGE OF ELIDA
ALLEN COUNTY, OHIO

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

October 8, 2007

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, 2006 and 2005. 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.

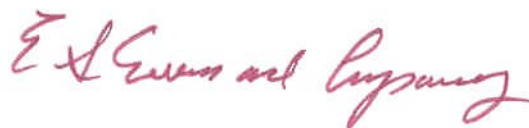
Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also to present its larger (i.e. major) funds separately. While the Village does not follow GAAP, generally accepted auditing standards require us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require Villages to reformat their statements. The Village has elected not to follow GAAP statement formatting requirements. 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 years ended December 31, 2006 and 2005 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, 2006 and 2005, 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, 2006 and 2005, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

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 October 8, 2007, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with Government Auditing Standards. You should read it in conjunction with this report in assessing the results of our audit.

A handwritten signature in red ink, appearing to read "E. J. ... and ...", 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

For the Year Ended December 31, 2006

	<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	\$ 97,617	\$ -	\$ 97,617
Municipal Income Taxes	-	103,345	103,345
Intergovernmental Revenues	82,877	111,849	194,726
Fines, Licenses, and Permits	46,776	-	46,776
Interest Revenues	5,589	85	5,674
Miscellaneous	5,968	4,562	10,530
Total Cash Receipts	<u>238,827</u>	<u>219,841</u>	<u>458,668</u>
<u>Cash Disbursements:</u>			
Current -			
Security of Persons and Property	123,822	-	123,822
Public Health and Welfare	7,795	-	7,795
Community Environment	4,604	-	4,604
Basic Utility Services	1,341	-	1,341
Transportation	18,786	65,845	84,631
General Government	112,298	9,022	121,320
Capital Outlay	26,672	68,466	95,138
Total Cash Disbursements	<u>295,318</u>	<u>143,333</u>	<u>438,651</u>
Total Cash Receipts Over/(Under)			
Cash Disbursements	(56,491)	76,508	20,017
<u>Fund Cash Balance - January 1, 2006</u>	<u>69,823</u>	<u>77,414</u>	<u>147,237</u>
<u>Fund Cash Balance - December 31, 2006</u>	<u>\$ 13,332</u>	<u>\$ 153,922</u>	<u>\$ 167,254</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, 2006

<u>Operating Cash Receipts:</u>	
Charges for Services	\$ <u>1,047,468</u>
<u>Operating Cash Disbursements:</u>	
Personnel Services	199,054
Employee Fringe Benefits	71,463
Contractual Services	420,899
Material and Supplies	65,238
Capital Outlay	66,666
Miscellaneous	<u>1,205</u>
Total Operating Cash Disbursements	<u>824,525</u>
Excess of Operating Cash Receipts Over/ (Under) Operating Cash Disbursements	<u>222,943</u>
<u>Non-Operating Cash Receipts/(Disbursements):</u>	
Miscellaneous	819
Debt Service -	
Principal	(149,422)
Interest	<u>(82,035)</u>
Total Non-Operating Cash Receipts/(Disbursements)	<u>(230,638)</u>
Excess of Net Cash Receipts Over/(Under) Disbursements	(7,695)
<u>Fund Cash Balance</u> - January 1, 2006	<u>338,308</u>
<u>Fund Cash Balance</u> - December 31, 2006	\$ <u><u>330,613</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

For the Year Ended December 31, 2005

	Governmental Fund Types		Totals
	General	Special Revenue	(Memorandum Only)
<u>Cash Receipts:</u>			
Local Taxes	\$ 93,872	\$ -	\$ 93,872
Municipal Income Taxes	-	-	-
Intergovernmental Revenues	94,755	101,647	196,402
Fines, Licenses, and Permits	31,958	-	31,958
Interest Revenues	2,127	71	2,198
Miscellaneous	969	3,855	4,824
Total Cash Receipts	223,681	105,573	329,254
<u>Cash Disbursements:</u>			
Current -			
Security of Persons and Property	129,526	-	129,526
Public Health and Welfare	7,563	-	7,563
Community Environment	-	-	-
Basic Utility Services	100	-	100
Transportation	1,073	60,866	61,939
General Government	101,886	-	101,886
Capital Outlay	-	24,523	24,523
Total Cash Disbursements	240,148	85,389	325,537
Total Cash Receipts Over/(Under)			
Cash Disbursements	(16,467)	20,184	3,717
<u>Fund Cash Balance - January 1, 2005</u>	86,290	57,230	143,520
<u>Fund Cash Balance - December 31, 2005</u>	\$ 69,823	\$ 77,414	\$ 147,237

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, 2005

<u>Operating Cash Receipts:</u>	
Charges for Services	\$ <u>1,002,303</u>
<u>Operating Cash Disbursements:</u>	
Personnel Services	193,717
Employee Fringe Benefits	69,011
Contractual Services	406,467
Material and Supplies	62,714
Capital Outlay	17,016
Miscellaneous	<u>1,821</u>
Total Operating Cash Disbursements	<u>750,746</u>
Excess of Operating Cash Receipts Over/ (Under) Operating Cash Disbursements	<u>251,557</u>
<u>Non-Operating Cash Receipts/(Disbursements):</u>	
Miscellaneous	3,036
Debt Service -	
Principal	(145,228)
Interest	<u>(90,375)</u>
Total Non-Operating Cash Receipts/(Disbursements)	<u>(232,567)</u>
Excess of Net Cash Receipts Over/(Under) Disbursements	18,990
<u>Fund Cash Balance</u> - January 1, 2005	<u>319,318</u>
<u>Fund Cash Balance</u> - December 31, 2005	\$ <u><u>338,308</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, 2006 and 2005

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

The Village maintains two checking accounts and two certificates of deposit which 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, 2006 and 2005

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.

Village Income Tax Fund – This fund receives income taxes collected from local residents and businesses.

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, 2006 and 2005

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, function, or object 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 2006 and 2005 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, 2006 and 2005

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>2006</u>		<u>2005</u>
Demand Deposits	\$	367,767	\$	395,445
Certificates of Deposit		130,000		90,000
Total Deposits		<u>497,767</u>		<u>485,445</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, 2006 and 2005.

Note 3 – Budgetary Activity

Budgetary activity for the years ending December 31, 2006 and 2005 follows:

2006 Budgeted vs. Actual Receipts

<u>Fund Type</u>		<u>Budgeted</u> <u>Receipts</u>		<u>Actual</u> <u>Receipts</u>		<u>Variance</u>
General	\$	394,236	\$	238,827	\$	(155,409)
Special Revenue		316,629		219,841		(96,788)
Enterprise		1,645,098		1,048,287		(596,811)
	\$	<u>2,355,963</u>	\$	<u>1,506,955</u>	\$	<u>(849,008)</u>

2006 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>		<u>Appropriation</u> <u>Authority</u>		<u>Budgetary</u> <u>Expenditures</u>		<u>Variance</u>
General	\$	394,232	\$	295,318	\$	98,914
Special Revenue		311,810		143,333		168,477
Enterprise		1,532,383		1,055,982		476,401
	\$	<u>2,238,425</u>	\$	<u>1,494,633</u>	\$	<u>743,792</u>

VILLAGE OF ELIDA
ALLEN COUNTY, OHIO

NOTES TO FINANCIAL STATEMENTS
December 31, 2006 and 2005

Note 3 – Budgetary Activity – (continued)

2005 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 298,178	\$ 223,681	\$ (74,497)
Special Revenue	141,338	105,573	(35,765)
Enterprise	1,574,041	1,005,339	(568,702)
	<u>\$ 2,013,557</u>	<u>\$ 1,334,593</u>	<u>\$ (678,964)</u>

2005 Budgeted vs. Actual Budgetary Basis Expenditures

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$ 298,175	\$ 240,148	\$ 58,027
Special Revenue	139,965	85,389	54,576
Enterprise	1,480,445	986,349	494,096
	<u>\$ 1,918,585</u>	<u>\$ 1,311,886</u>	<u>\$ 606,699</u>

Contrary to Ohio law, appropriations exceeded actual available resources by \$85,582 in the General Fund at December 31, 2006 and by \$41,655 in the Village Income Tax – Special Revenue Fund at December 31, 2006.

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, 2006 and 2005

Note 5 - Debt Obligations

Debt outstanding at December 31, 2006 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority	\$ 337,347	7.11%
Ohio Water Development Authority	288,040	4.80%
Ohio Water Development Authority	36,236	6.16%
Ohio Public Works Commission	57,309	0.00%
Ohio Public Works Commission	23,200	0.00%
Water General Obligation Refunding Bonds	235,000	3.5 to 6.4%
Sewer Improvement General Obligation Bonds	315,000	4.15 to 6.625%
Total	\$ 1,292,132	

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 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 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.

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.

VILLAGE OF ELIDA
ALLEN COUNTY, OHIO

NOTES TO FINANCIAL STATEMENTS
December 31, 2006 and 2005

Note 5 - Debt Obligations - (continued)

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 annual requirements to amortize all debt outstanding as of December 31, 2006, including interest payments of \$407,353 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>	<u>TOTAL</u>
2007	\$ 68,280	\$ 117,957	\$ 10,541	\$ 35,749	\$ 232,527
2008	64,760	117,957	10,541	34,766	228,024
2009	66,080	117,957	10,541	38,784	233,362
2010	67,080	117,957	10,541	37,474	233,052
2011	-	117,957	10,541	36,164	164,662
2012-2016	-	243,504	27,804	222,969	494,277
2017-2019	-	-	-	113,581	113,581
	<u>\$ 266,200</u>	<u>\$ 833,289</u>	<u>\$ 80,509</u>	<u>\$ 519,487</u>	<u>\$ 1,699,485</u>

VILLAGE OF ELIDA
ALLEN COUNTY, OHIO

NOTES TO FINANCIAL STATEMENTS

December 31, 2006 and 2005

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 2006 and 2005, OPERS members contributed 9.0 and 8.5 percent, respectively, of their gross salary. The Village contributed an amount equal to 13.70 percent for 2006 and 13.55 percent for 2005 of participants' gross salaries. The Village has paid all required contributions through December 31, 2006.

Police and Firemen's Disability and Pension Fund

The Village of Elida's 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, 2006.

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 460 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 15% casualty and the 10% property portions the Plan retains. The Plan pays the lesser of 15% or \$37,500 of casualty losses and the lesser of 10% or \$100,000 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, 2006 and 2005

Note 7 - Risk Management – (continued)

Settlement amounts did not exceed insurance coverage for the past three calendar years.

Plan members are responsible to notify the Plan of their intent to renew coverage by their renewal date. If a member chooses not to renew with the Plan, they have no other obligation to the Plan. The former member's covered claims, which occurred during their membership period, remain the responsibility of the Plan.

The Pool's audited financial statements conform to generally accepted accounting principles, and reported the following assets, liabilities and Member's Equity at December 31, 2006 and 2005:

	<u>2006</u>		<u>2005</u>
Assets	\$ 9,620,148	\$	8,219,430
Liabilities	<u>3,329,620</u>		<u>2,748,639</u>
Member's Equity	<u>\$ 6,290,528</u>	\$	<u>5,470,791</u>

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

Note 8 – Local Income Tax

The Village levies a municipal income tax of three quarter of one percent (0.75%) on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside the Village. This tax was effective April 1, 2006.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually. The Village has a contract with City of Cleveland - Central Collection Agency to collect income tax on behalf of the Village.

VILLAGE OF ELIDA
ALLEN COUNTY, OHIO

NOTES TO FINANCIAL STATEMENTS
December 31, 2006 and 2005

Note 9 - Subsequent Events

The Village had the following material matters occur after December 31, 2006:

- The Village bid and awarded a storm sewer renovation project for the total amount of \$433,626 in which the estimated Village portion will be \$94,744 with the remaining amount funded through the Ohio Public Works Commission in the form of a grant.

Note 10 – Other Material Noncompliance

Contrary to Ohio law, the Village did not issue a purchase order prior to making some purchases of goods and services.



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

October 8, 2007

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY
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, 2006 and 2005, and have issued our report thereon dated October 8, 2007, 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 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village of Elida's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Village of Elida's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Village of Elida's internal control over financial reporting.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. However, as discussed below, we identified a certain deficiency in internal control over financial reporting that we consider to be a significant deficiency.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Village of Elida's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that a misstatement of the Village of Elida's financial statements that is more than inconsequential will not be prevented or detected by the Village's internal control.

We consider the following deficiencies described in the accompanying Schedule of Findings to be significant deficiencies in internal control over financial reporting: 2006-001 and 2006-002.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the Village of Elida's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, we believe none of the significant deficiencies described above are material weaknesses.

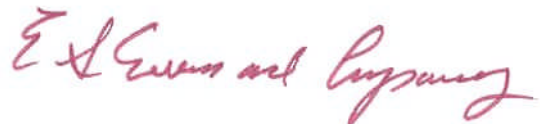
We also noted certain internal control matters that we reported to the Village of Elida's management in separate letter dated October 8, 2007.

Compliance and Other Matters

As part of reasonably assuring whether the Village of Elida's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could 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 an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and are described in the accompanying schedule of findings as items 2006-001 and 2006-002.

In a separate letter to the Village of Elida's management dated October 8, 2007, we reported another matter related to noncompliance.

We intend this report solely for the information and use of management of the Village of Elida and the Auditor of State of Ohio. It is not intended for anyone other than these specified parties.

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

VILLAGE OF ELIDA
ALLEN COUNTY, OHIO

SCHEDULE OF FINDINGS
December 31, 2006 and 2005

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

Finding Number 2006-001 – Noncompliance Citation and Significant Deficiency

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 \$3,000 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 an amount established by resolution or ordinance adopted by the legislative authority against any specific line item account over a period not 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, 2006 and 2005

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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Finding Number 2006-001 – Noncompliance Citation and Significant Deficiency - (continued)

During 2006 and 2005, the Village did not properly certify the availability of funds prior to purchase commitment for 23% 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.

VILLAGE RESPONSE – The Village will make an effort to educate all employees on proper certification of expenditures.

Finding Number 2006-002 – Noncompliance Citation and Significant Deficiency

Ohio Revised Code Section 5705.36 defines certifying available revenue and amending such certifications should a determination by the fiscal officer be made that revenue actually to be collected will be greater or less than the amount included in the official certificate.

Upon determination by the fiscal officer that the revenue to be collected by the subdivision will be less than the amount included in the official certificate and that the amount of the deficiency will reduce available resources below the level of current appropriation, the fiscal officer shall certify the amount of deficiency to the commission, and the commission shall certify an amended certificate reflecting the deficiency. For the year ended December 31, 2006, appropriations exceeded actual available resources by \$85,582 in the General Fund and by \$41,655 in the Village Income Tax – Special Revenue Fund. We recommend that monitoring procedures be implemented to monitor actual receipts in comparison to the certification of available revenue and that any deficiencies be properly certified to the County Auditor.

VILLAGE RESPONSE – Administration and the Fiscal Officer will review and adjust the certificate of estimated resources and appropriations quarterly.

VILLAGE OF ELIDA
ALLEN COUNTY, OHIO

SCHEDULE OF PRIOR AUDIT FINDINGS
December 31, 2006 and 2005

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
FFR	Administrative Assistant Missing Funds	Yes	Finding fully repaid as of April 18, 2007
2005-8204-001	Deposits of Public Money	Yes	
2004-8675-002	Mayor's Court	No	Substantially Corrected - see current management letter comment
2004-8675-003	Expenditures	No	Repeated as comment 2006-001



Mary Taylor, CPA
Auditor of State

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
NOVEMBER 15, 2007**