



**VILLAGE OF ELIDA
ALLEN COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2020-2019

**VILLAGE OF ELIDA
ALLEN COUNTY
DECEMBER 31, 2020 AND 2019**

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INDEPENDENT AUDITOR'S REPORT

Village of Elida
Allen County
406 E. Main Street
Elida, Ohio 45807

To the Members of Council:

Report on the Financial Statements

We have audited the accompanying financial statements of the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2020 and for each governmental, proprietary and fiduciary fund type as of and for the year ended December 31, 2019, and related notes of the Village of Elida, Allen County, Ohio (the Village).

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the Village's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the Village's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles

As described in Note 2 of the financial statements, the Village prepared these financial statements using the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D), which is an accounting basis other than accounting principles generally accepted in the United States of America (GAAP), to satisfy these requirements.

Although the effects on the financial statements of the variances between the regulatory accounting basis and GAAP are not reasonably determinable, we presume they are material.

Though the Village does not intend these statements to conform to GAAP, auditing standards generally accepted in the United States of America require us to include an adverse opinion on GAAP. However, the adverse opinion does not imply the amounts reported are materially misstated under the accounting basis Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. Our opinion on this accounting basis is in the *Opinion on Regulatory Basis of Accounting* paragraph below.

Adverse Opinion on U.S. Generally Accepted Accounting Principles

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village, as of December 31, 2020 and 2019, and the respective changes in financial position thereof for the years then ended.

Opinion on Regulatory Basis of Accounting

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2020 and for each governmental, proprietary and fiduciary fund type as of and for the year ended December 31, 2019, and related notes of the Village, in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

Emphasis of Matter

As discussed in Note 13 to the 2020 financial statements and Note 12 to the 2019 financial statements, the financial impact of COVID-19 and the continuing emergency measures may impact subsequent periods of the Village. We did not modify our opinion regarding this matter.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 5, 2021, 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Keith Faber
Auditor of State
Columbus, Ohio

May 5, 2021

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Village of Elida
Allen County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2020

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$66,988			\$66,988
Municipal Income Tax	512,939			512,939
Intergovernmental	60,539	\$306,667	\$102,236	469,442
Fines, Licenses and Permits	24,656			24,656
Earnings on Investments	3,971			3,971
Miscellaneous	15,357	42,708		58,065
<i>Total Cash Receipts</i>	<u>684,450</u>	<u>349,375</u>	<u>102,236</u>	<u>1,136,061</u>
Cash Disbursements				
Current:				
Security of Persons and Property	212,017			212,017
Public Health Services	7,500	119,270		126,770
Transportation	557	129,292		129,849
General Government	236,350			236,350
Capital Outlay		106,292	312,832	419,124
Debt Service:				
Principal Retirement	56,331	8,739		65,070
Interest and Fiscal Charges	12,232	1,153	7,132	20,517
<i>Total Cash Disbursements</i>	<u>524,987</u>	<u>364,746</u>	<u>319,964</u>	<u>1,209,697</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>159,463</u>	<u>(15,371)</u>	<u>(217,728)</u>	<u>(73,636)</u>
Other Financing Receipts (Disbursements)				
Loans Issued			217,728	217,728
Transfers In		70,000		70,000
Transfers Out	(70,000)			(70,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(70,000)</u>	<u>70,000</u>	<u>217,728</u>	<u>217,728</u>
<i>Net Change in Fund Cash Balances</i>	89,463	54,629	0	144,092
<i>Fund Cash Balances, January 1</i>	<u>451,091</u>	<u>175,383</u>		<u>626,474</u>
<i>Fund Cash Balances, December 31</i>	<u>\$540,554</u>	<u>\$230,012</u>	<u>\$0</u>	<u>\$770,566</u>

See accompanying notes to the basic financial statements

Village of Elida
Allen County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
Proprietary Fund Type
For the Year Ended December 31, 2020

	<u>Enterprise</u>
Operating Cash Receipts	
Charges for Services	\$2,168,878
<i>Total Operating Cash Receipts</i>	<u>2,168,878</u>
Operating Cash Disbursements	
Personal Services	274,540
Employee Fringe Benefits	113,590
Contractual Services	1,035,772
Supplies and Materials	137,053
Other	151,088
<i>Total Operating Cash Disbursements</i>	<u>1,712,043</u>
<i>Operating Income</i>	<u>456,835</u>
Non-Operating Receipts (Disbursements)	
Miscellaneous Receipts	82,025
Capital Outlay	(17,170)
Principal Retirement	(294,775)
Interest and Other Fiscal Charges	(56,582)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(286,502)</u>
<i>Income before Transfers and Advances</i>	170,333
Transfers In	173,830
Transfers Out	(173,830)
<i>Net Change in Fund Cash Balances</i>	170,333
<i>Fund Cash Balances, January 1</i>	<u>2,048,404</u>
<i>Fund Cash Balances, December 31</i>	<u>\$2,218,737</u>

See accompanying notes to the basic financial statements

Village of Elida
Allen County
Statement of Additions, Deductions and Change
in Fund Balance (Regulatory Cash Basis)
Fiduciary Fund Type
For the Year Ended December 31, 2020

	Custodial
Additions	
Fines, Licenses and Permits for Distribution	6,631
<i>Total Additions</i>	6,631
Deductions	
Distributions to Other Governments	2,151
Distributions to Other Funds (Primary Gov't)	5,180
<i>Total Deductions</i>	7,331
<i>Net Change in Fund Balance</i>	(700)
<i>Fund Cash Balance, January 1</i>	1,025
<i>Fund Cash Balance, December 31</i>	\$325

See accompanying notes to the basic financial statements

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Village of Elida, Ohio
Allen County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 1 – Reporting Entity

The Village of Elida, Allen County, Ohio, (the “Village”) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides general governmental services, including public safety, street maintenance and water and sewer facilities and mayor’s court.

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Village’s financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary fund types and a combined statement of additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types which are all organized on a fund type basis.

Fund Accounting

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

General Fund The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Funds:

Street Construction Maintenance and Repair Fund The street construction maintenance and repair fund accounts for and reports that portion of the State gasoline tax and motor vehicle license registration fees restricted for construction, maintenance, and repair of streets within the Village.

Coronavirus Relief Fund The coronavirus relief fund accounts for and reports all activity for the CARES Act grant funds.

Capital Project Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following capital projects fund:

Greenlawn Street Reconstruction Fund The Greenlawn Street Reconstruction Fund accounts for and reports proceeds of this street project. The proceeds are restricted for construction of this project.

Village of Elida, Ohio
Allen County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Enterprise Funds These 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 Operating Fund The water fund accounts for the provision of water treatment and distribution to the residents and commercial users located within the Village.

Sewer Operating Fund The sewer fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

Fiduciary Funds Fiduciary funds include custodial funds.

Custodial funds are purely custodial in nature and are used to report fiduciary activity that is not required to be reported in a trust fund. The Village's custodial fund accounts for the Mayor's Court activity.

For regulatory purposes, certain own source revenues are permitted to flow through clearing funds presented as custodial funds. The amounts distributed to the other funds of the entity are identified on the combined statement of additions, deductions and changes in fund balances (regulatory cash basis) all fiduciary fund types. Also, for regulatory purposes, certain deposits and clearing funds are permitted to be presented as custodial funds. The Village had the following fiduciary fund type (custodial):

Mayor's Court Fund This fund receives monies from collections of fines imposed from tickets issued by the Village's police force. Funds are collected in part on behalf of the State of Ohio. In addition, funds are used for safety programs and general Village operations.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements 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 the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

Budgetary Process

The Ohio Revised Code requires that each fund, except certain custodial, funds be budgeted annually.

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

Village of Elida, Ohio
Allen County
Notes to the Financial Statements
For the Year Ended December 31, 2020

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

Encumbrances The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are cancelled, and reappropriated in the subsequent year.

A summary of 2020 budgetary activity appears in Note 3.

Deposits

Interest income earned and received by the Village totaled \$3,971 for the year ended December 31, 2020. The Village maintained all money in checking and savings accounts.

Capital Assets

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.

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact. For regulatory purposes nonspendable fund balance includes unclaimed monies that are required to be held for five years before they may be utilized by the Village and the nonexpendable portion of the corpus in permanent funds.

Restricted Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. For regulatory purposes, assigned fund balance in the general fund is limited to encumbrances outstanding at year end.

Village of Elida, Ohio
Allen County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

For regulatory purposes, limited disclosure related to fund balance is included in Note 11.

Note 3 – Budgetary Activity

Budgetary activity for the year ending 2020 follows:

2020 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,182,775	\$1,374,085	\$191,310
Special Revenue	347,352	419,375	72,023
Capital Projects	319,964	319,964	0
Enterprise	2,131,130	2,424,733	293,603
Total	\$3,981,221	\$4,538,157	\$556,936

2020 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,629,938	\$1,284,622	\$345,316
Special Revenue	517,110	364,746	152,364
Capital Projects	319,964	319,964	0
Enterprise	4,159,016	2,254,400	1,904,616
Total	\$6,626,028	\$4,223,732	\$2,402,296

General Fund Transfers-In of \$689,635 and General Fund Transfers-Out of \$689,635 are reflected in Note 3 above for Actual Receipts and Budgetary Expenditures but were eliminated on the financial statements due to the Income Tax Fund being rolled into the General Fund for financial reporting purposes.

Village of Elida, Ohio
Allen County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 4 – Deposits

To improve cash management, cash received by the Village is pooled. Monies for all funds are maintained in this pool. The Ohio Revised Code prescribes allowable deposits. A summary of the Village’s deposit accounts are as follows:

	<u>2020</u>
<i>Cash Management Pool:</i>	
Demand deposits	\$2,877,219
Savings	112,409
Total deposits	<u>2,989,628</u>

The Village does not use a separate payroll clearing account. The expenditures included in the accompanying financial statement reflect net payroll plus all remitted payroll withholdings. At December 31, 2020, the village is holding \$0.00 in unremitted employee payroll withholdings.

Deposits

Deposits are collateralized through the Ohio Pooled Collateral System (OPCS), a collateral pool of eligible securities deposited with a qualified trustee and pledged to the Treasurer of State to secure the repayment of all public monies deposited in the financial institution.

Note 5 – Taxes

Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

The County is responsible for assessing property and for billing, collecting, and distributing all property taxes on behalf of the Village.

Income Taxes

The Village levies a municipal income tax of .0075 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village through the Cleveland Collection Agency (CCA) either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

Village of Elida, Ohio
Allen County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 6 – Risk Management

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. The OPRM is also participated in a property primary excess of loss treaty. This treaty reimbursed the OPRM 30% for losses between \$200,000 and \$1,000,000. The reimbursement is based on the amount of loss between \$200,000 and \$1,000,000. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. Effective November 1, 2019, the OPRM's property retention increased from 30% to 33%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. OPRM had 776 members as of December 31, 2019.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2019.

Assets	\$ 15,920,504
Liabilities	<u>(11,329,011)</u>
Members' Equity	<u>\$ 4,591,493</u>

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org.

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

Village of Elida, Ohio
Allen County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Twenty-eight Village employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan’s benefits, which include postretirement health care and survivor and disability benefits. The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants’ gross salaries. The Village has paid all contributions required through December 31, 2020.

Ohio Police and Fire Retirement System

Two Village’s certified full-time Police Officers belong to the Ohio Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan’s benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Village contributed to OP&F an amount equal to 19.5 percent of full-time police members’ wages. The Village has paid all contributions required through December 31, 2020.

Note 8 – Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2020. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2020. OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F changed its retiree health care model to a stipend-based health care model. A stipend funded by OP&F was placed in individual Health Reimbursement Accounts that retirees use to be reimbursed for health care expenses.

Note 9 – Debt

Debt outstanding at December 31, 2020, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
General Obligation Bonds	\$960,336	3.65%
Loans	\$1,386,521	0.00% - 2.85%
Ohio Water Development Authority Loans	3,365,230	0.00% - 3.20%
Total	<u>\$5,712,087</u>	

Village of Elida, Ohio
Allen County
Notes to the Financial Statements
For the Year Ended December 31, 2020

2009 Ohio Water Development Authority (OWDA) water supply loan relating to the construction of an elevated water tower. Due in semiannual installments of varying amounts through 2030 at an interest rate of 3.2%.

2016 OWDA Waste Water Treatment Improvement loan. Due in semiannual installments of \$66,034.05 through 2037 at an interest rate of 0%.

2012 Ohio Public Works Commission (OPWC) loan for the reconstruction of Main Street Phase I. Payments are due in semiannual installments of \$6,667 through 2042 at an interest rate of 0%.

2014 Ohio Public Works Commission (OPWC) loan for the reconstruction of Main Street Phase II. Payments are due in semiannual installments of \$4,755.39 through 2043 at an interest rate of 0%.

2016 First Federal SR 309 Waterline Project loan. Payments are due in quarterly installments of \$13,007.44 through 2026 at an interest rate of 2.5%.

2016 First Federal loan for a Vactor Truck. Payments are due in quarterly installments of \$9,240.57 at an interest rate of 2.85%.

2017 Ottoville Bank general obligation bonds for New Town Hall. Payments are due in semiannual installments of \$38,998.30 at an interest rate of 3.65%.

2019 Ohio Public Works Commission loan for the reconstruction of Greenlawn. The project will be part Grant and part loan. OPWC Payments are due in semiannual installments of \$8,333.33 at an interest rate of 0.00% starting in 2020 through 2050.

2019 OWDA loan for the reconstruction of Greenlawn. The project will be part Grant and part loan. OWDA Payments are due semiannual installments of \$12,550.23 at an interest rate of 3.03%.

Amortization

Amortization of the above debt, including interest, is scheduled as follows:

Year Ending December 31:	OWDA Loans	General Obligation Bonds	Loans
2021	\$237,429	\$77,997	\$128,503
2022	237,549	77,997	128,503
2023	237,674	77,997	128,503
2024	237,803	77,997	128,503
2025	237,935	77,997	77,702
2026-2030	1,191,824	389,983	206,771
2031-2035	785,843	389,983	197,554
2036-2040	323,605	116,995	197,554
2041-2045	125,502	0	143,287
2046-2050	125,502	0	75,000
Total	<u>\$3,740,666</u>	<u>\$1,286,946</u>	<u>\$1,411,880</u>

Village of Elida, Ohio
Allen County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 10 – Public Entity Risk Pool

The Village participates in the Ohio Municipal League Group Rating Plan (GRP) for worker’s compensation. The pool’s business and affairs are conducted by a twenty-six member Board of Trustees consisting of fifteen mayors, two council members, three administrators, three finance directors, and three law directors which are voted on by the members for staggered two-year terms. The Executive Director of the Ohio Municipal League serves as the coordinator of the Program. Each year the participants pay an enrollment fee to the program to cover the costs of administering the program.

Note 11 – Fund Balances

Included in fund balance are amounts the Village cannot spend, including the balance of unclaimed monies which cannot be spent for five years. Encumbrances are commitments related to unperformed contracts for goods or services. Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. At year end the balances of these amounts were as follows:

Fund Balances	General	Special Revenue	Capital Projects	Total
Nonspendable:				
Unclaimed Monies	\$975			\$975
<i>Total</i>	\$975	\$0	\$0	\$975

The fund balance of special revenue funds is either restricted or committed. The fund balance of capital projects fund are restricted committed or assigned. These restricted, committed and assigned amounts in the special revenue, and capital projects funds would include the outstanding encumbrances. In the general fund, outstanding encumbrances are considered assigned.

Note 12 - Change in Accounting Principles

For 2020, the Village has made changes to their cash basis reporting model. These changes include modifications to the definition of fiduciary funds, adding a separate Statement of Additions, Deductions and Change in Fund Balance (Regulatory Cash Basis) -- Fiduciary Fund Type.

Note 13– COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. The impact on the Village’s future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

During 2020, the Village received CARES Act funding. Of the amounts received, \$145,051.72, \$117,086.96 was returned to the granting agency. These amounts are reflected as public health services expenditures in the Coronavirus Relief Special Revenue Fund on the accompanying financial statements.

Village of Elida, Ohio
Allen County
Notes to the Financial Statements
For the Year Ended December 31, 2020

Note 14 – Transfers

Transfers in the amount of \$70,000 were made from the General Fund to the Street Construction Maintenance and Repair Fund to cover costs. Transfers in the amount of \$173,830 were also made from the Sewer Operating Fund to the Sewer Replacement & Improvement Fund for capital improvements.

Note 15 – Contingent Liabilities

The Village is not currently involved in litigation.

Village of Elida
Allen County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Governmental Fund Types
For the Year Ended December 31, 2019

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$67,728			\$67,728
Municipal Income Tax	508,366			508,366
Intergovernmental	58,312	\$122,821	\$418,000	599,133
Fines, Licenses and Permits	29,625			29,625
Earnings on Investments	3,054			3,054
Miscellaneous	4,911	1,364		6,275
<i>Total Cash Receipts</i>	<u>671,996</u>	<u>124,185</u>	<u>418,000</u>	<u>1,214,181</u>
Cash Disbursements				
Current:				
Security of Persons and Property	217,559			217,559
Public Health Services	6,482			6,482
Transportation	655	93,345		94,000
General Government	236,598			236,598
Capital Outlay	545	73,970	1,187,847	1,262,362
Debt Service:				
Principal Retirement	67,138	14,763		81,901
Interest and Fiscal Charges	12,561	1,548	4,757	18,866
<i>Total Cash Disbursements</i>	<u>541,538</u>	<u>183,626</u>	<u>1,192,604</u>	<u>1,917,768</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>130,458</u>	<u>(59,441)</u>	<u>(774,604)</u>	<u>(703,587)</u>
Other Financing Receipts (Disbursements)				
Loans Issued			774,604	774,604
Transfers In		150,000		150,000
Transfers Out	(150,000)			(150,000)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(150,000)</u>	<u>150,000</u>	<u>774,604</u>	<u>774,604</u>
<i>Net Change in Fund Cash Balances</i>	(19,542)	90,559		71,017
<i>Fund Cash Balances, January 1</i>	<u>470,633</u>	<u>84,824</u>		<u>555,457</u>
Fund Cash Balances, December 31				
Nonspendable	943			943
Restricted		175,383		175,383
Assigned	450,148			450,148
<i>Fund Cash Balances, December 31</i>	<u>\$451,091</u>	<u>\$175,383</u>	<u>\$0</u>	<u>\$626,474</u>

See accompanying notes to the basic financial statements

Village of Elida
Allen County
Combined Statement of Receipts, Disbursements
and Changes in Fund Balances (Regulatory Cash Basis)
All Proprietary and Fiduciary Fund Types
For the Year Ended December 31, 2019

	Proprietary Fund Type	Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Agency	
Operating Cash Receipts			
Charges for Services	\$2,079,061		\$2,079,061
Fines, Licenses and Permits		15,744	15,744
<i>Total Operating Cash Receipts</i>	<u>2,079,061</u>	<u>15,744</u>	<u>2,094,805</u>
Operating Cash Disbursements			
Personal Services	241,854		241,854
Employee Fringe Benefits	105,511		105,511
Contractual Services	764,849		764,849
Supplies and Materials	147,969		147,969
Other	17,443	16,344	33,787
<i>Total Operating Cash Disbursements</i>	<u>1,277,626</u>	<u>16,344</u>	<u>1,293,970</u>
<i>Operating Income (Loss)</i>	<u>801,435</u>	<u>(600)</u>	<u>800,835</u>
Non-Operating Receipts (Disbursements)			
Miscellaneous Receipts	10,950		10,950
Capital Outlay			0
Principal Retirement	(304,027)		(304,027)
Interest and Other Fiscal Charges	(61,668)		(61,668)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(354,745)</u>	<u>0</u>	<u>(354,745)</u>
<i>Net Change in Fund Cash Balances</i>	446,690	(600)	446,090
<i>Fund Cash Balances, January 1</i>	<u>1,601,714</u>	<u>1,625</u>	<u>1,603,339</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$2,048,404</u></u>	<u><u>\$1,025</u></u>	<u><u>\$2,049,429</u></u>

See accompanying notes to the basic financial statements

Village of Elida, Ohio
Allen County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 1 – Reporting Entity

The Village of Elida, Allen County, Ohio, (the “Village”) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides general governmental services, including public safety, street maintenance and water and sewer facilities and mayor’s court.

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

Note 2 – Summary of Significant Accounting Policies

Basis of Presentation

The Village’s financial statements consist of a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all governmental fund types, and a combined statement of receipts, disbursements and changes in fund balances (regulatory cash basis) for all proprietary and fiduciary fund types which are organized on a fund type basis.

Fund Accounting

The Village uses funds to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds of the Village are presented below:

General Fund - The general fund accounts for and reports all financial resources not accounted for and reported in another fund. The general fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds These funds account for and report the proceeds of specific revenue sources that re restricted or committed to expenditure for specified purposes other than debt service or capital projects. The Village had the following significant Special Revenue Fund:

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

Capital Project Funds These funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The Village had the following capital projects fund:

Greenlawn Street Reconstruction Fund The Greenlawn Street Reconstruction Fund accounts for and reports proceeds of this street project. The proceeds are restricted for construction of this project.

Enterprise Funds These 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:

Village of Elida, Ohio
Allen County
Notes to the Financial Statements
For the Year Ended December 31, 2019

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

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

Fiduciary Funds This fund includes private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs. Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village had the following fiduciary fund type (Agency):

Mayor's Court Fund This fund receives monies from collections of fines imposed from tickets issued by the Village's police force. Funds are collected in part on behalf of the State of Ohio. In addition, funds are used for safety programs and general Village operations.

Basis of Accounting

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements 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 the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

Budgetary Process

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

Appropriations

A temporary appropriation measure to control cash disbursements may be passed on or about January 1 of each year for the period January to March 31. An annual appropriation measure must be passed by April 1 of each year for the period January 1 to December 31. The appropriations measure may be amended or supplemented during the year as new information becomes available.

Village of Elida, Ohio
Allen County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund level of control. Unencumbered appropriations lapse at year end. Appropriations may not exceed estimated resources.

Estimated Resources

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

Encumbrances

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

A summary of 2019 budgetary activity appears in Note 3.

Deposits

Interest income earned and received by the Village totaled \$3,054 for the year ended December 31, 2019. The Village maintained all money in checking and savings accounts.

Capital Assets

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

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

Village of Elida, Ohio
Allen County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the Village must observe constraints imposed upon the use of its governmental-fund resources. The classifications are as follows:

Nonspendable The Village classifies assets as *nonspendable* when legally or contractually required to maintain the amounts intact.

Restricted Fund balance is *restricted* when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments; or is imposed by law through constitutional provisions.

Committed Council can *commit* amounts via formal action (resolution). The Village must adhere to these commitments unless the Council amends the resolution. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed to satisfy contractual requirements.

Assigned Assigned fund balances are intended for specific purposes but do not meet the criteria to be classified as *restricted* or *committed*. Governmental funds other than the general fund report all fund balances as *assigned* unless they are restricted or committed. In the general fund, *assigned* amounts represent intended uses established by Village Council or a Village official delegated that authority by resolution, or by State Statute.

Unassigned Unassigned fund balance is the residual classification for the general fund and includes amounts not included in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

Note 3 – Budgetary Activity

Budgetary activity for the year ending 2019 follows:

2019 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,279,875	\$1,281,996	\$2,121
Special Revenue	295,725	274,185	(21,540)
Capital Projects	1,680,036	1,192,604	(487,432)
Enterprise	1,930,750	2,090,011	159,261
Total	\$5,186,386	\$4,838,796	(\$347,590)

Village of Elida, Ohio
Allen County
Notes to the Financial Statements
For the Year Ended December 31, 2019

2019 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,750,563	\$1,304,520	\$446,043
Special Revenue	376,932	189,252	187,680
Capital Projects	1,680,036	1,192,604	487,432
Enterprise	3,529,911	1,663,838	1,866,073
Total	\$7,337,442	\$4,350,214	\$2,987,228

General Fund Transfers-In of \$610,000 and General Fund Transfers-Out of \$610,000 are reflected in Note 3 above for Actual Receipts and Budgetary Expenditures but were eliminated on the financial statements due to the Income Tax Fund being rolled into the General Fund for financial reporting purposes.

Note 4 – Deposits

The Village maintains a deposit pool all funds use. The Ohio Revised Code prescribes allowable deposits. The carrying amount of deposits at December 31 was as follows:

Demand deposits	2019 \$2,563,528
Savings	112,375
Total deposits	2,675,903

Deposits

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

Note 5 – Taxes

Property Taxes

Real property taxes become a lien on January 1 preceding the October 1 date for which the Council adopted tax rates. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable non-business, owner occupancy, and homestead exemption credits and/or homestead and rollback deductions. The financial statements include these credits and/or deduction amounts the State pays as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to pay semiannually, the first half is due December 31. The second half payment is due the following June 20.

The County is responsible for assessing property and for billing, collecting, and distributing all property taxes on behalf of the Village.

Income Taxes

The Village levies a municipal income tax of three quarters of one percent 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.

Village of Elida, Ohio
Allen County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Employers within the Village withhold income tax on employee compensation and remit the tax to the City of Cleveland Central Collection Agency (CCA) either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file the declaration annually.

Note 6 – Risk Management

The Village belongs to the Ohio Plan Risk Management, Inc. (OPRM) (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to Ohio governments ("Members"). The Plan is legally separate from its member governments.

Pursuant to Section 2744.081 of the Ohio Revised Code, the plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages to its members sold through fourteen appointed independent agents in the State of Ohio.

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. The OPRM is also participated in a property primary excess of loss treaty. This treaty reimbursed the OPRM 30% for losses between \$200,000 and \$1,000,000. The reimbursement is based on the amount of loss between \$200,000 and \$1,000,000. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. Effective November 1, 2019, the OPRM's property retention increased from 30% to 33%, while the casualty treaty remains unchanged and still assumes 100% of the first \$250,000 casualty treaty. OPRM had 776 members as of December 31, 2019.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2019.

Assets	\$ 15,920,504
Liabilities	<u>(11,329,011)</u>
Members' Equity	\$ 4,591,493

You can read the complete audited financial statements for OPRM at the Plan's website, www.ohioplan.org

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles; and
- Errors and omissions

Village of Elida, Ohio
Allen County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 7 – Defined Benefit Pension Plans

Ohio Public Employees Retirement System

Twenty-six Village employees belong to the Ohio Public Employees Retirement System (OPERS). OPERS is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10 percent of their gross salaries, and the Village contributed an amount equaling 14 percent of participants' gross salaries. The Village has paid all contributions required through December 31, 2019.

Ohio Police and Fire Retirement System

Two full-time Police Officers belong to the Ohio Police and Fire Pension Fund (OP&F). OP&F is a cost-sharing, multiple-employer plan. The Ohio Revised Code prescribes this plan's benefits, which include postretirement health care and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25 percent of their wages. The Village contributed to OP&F an amount equal to 19.5 percent of full-time police members' wages. The Village has paid all contributions required through December 31, 2019.

Note 8 – Postemployment Benefits

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement, and Medicare Part B premium reimbursements, to qualifying benefit recipients. The portion of employer contributions allocated to health care for OPERS members in the Traditional Pension Plan and Combined Plan was 0 percent during calendar year 2019. The portion of employer contributions allocated to health care for OPERS members in the Member Directed Plan was 4.0 percent during calendar year 2019. OP&F contributes 0.5 percent to fund these benefits.

Village of Elida, Ohio
Allen County
Notes to the Financial Statements
For the Year Ended December 31, 2019

Note 9 – Debt

Debt outstanding at December 31, 2019, was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
2009 Ohio Water Development Authority (OWDA) water supply loan	\$751,796	3.20%
2016 OWDA Waste Water Treatment Improvement loan.	\$2,311,192	0.00%
2012 Ohio Public Works Commission (OPWC) for the reconstruction of Main Street Phase I.	\$300,000	0.00%
2014 Ohio Public Works Commission (OPWC) for the reconstruction of Main Street Phase II.	\$228,259	0.00%
2014 Elida Schools - Annexation Agreement.	\$123,425	0.00%
2016 First Federal SR 309 Waterline Project loan.	\$244,816	2.50%
2016 First Federal loan for a Vactor Truck.	\$210,645	2.85%
2017 Ottoville Bank general obligation bonds for New Town Hall.	\$1,002,038	3.65%
2019 Greenlawn Street Reconstruction project (OPWC)	\$500,000	0.00%
2019 Greenlawn Street Reconstruction project (OWDA)	\$274,604	3.03%
Total	<u>\$5,946,775</u>	

2009 Ohio Water Development Authority (OWDA) water supply loan relating to the construction of an elevated water tower. Due in semiannual installments of varying amounts through 2030 at an interest rate of 3.2%.

2016 OWDA Waste Water Treatment Improvement loan. Due in semiannual installments of \$66,034.05 through 2037 at an interest rate of 0%.

2012 Ohio Public Works Commission (OPWC) loan for the reconstruction of Main Street Phase I. Payments are due in semiannual installments of \$6,667 through 2042 at an interest rate of 0%.

2014 Ohio Public Works Commission (OPWC) loan for the reconstruction of Main Street Phase II. Payments are due in semiannual installments of \$4755.39 through 2043 at an interest rate of 0%.

2014 Elida Schools - Annexation Agreement. Payments are due in annual installments of \$30,856.27 for ten years at 0% interest.

2016 First Federal SR 309 Waterline Project loan. Payments are due in quarterly installments of \$13,007.44 through 2026 at an interest rate of 2.5%.

2016 First Federal loan for a Vactor Truck. Payments are due in quarterly installments of \$9,240.57 at an interest rate of 2.85%.

2017 Ottoville Bank general obligation bonds for New Town Hall. Payments are due in semiannual installments of \$38,998.30 at an interest rate of 3.65%.

Village of Elida, Ohio
Allen County
Notes to the Financial Statements
For the Year Ended December 31, 2019

2019 Ohio Public Works Commission loan for the reconstruction of Greenlawn. The project will be part Grant and part loan. OPWC Payments are due in semiannual installments of \$8,333.33 at an interest rate of 0.00% starting in 2020 through 2050.

2019 OWDA loan for the reconstruction of Greenlawn. The project will be part Grant and part loan. OWDA Payments are not currently due at an interest rate of 3.03%.

Amortization

Amortization of the above debt, including interest, is scheduled as follows:

Year Ending December 31:	Loans	OWDA Loans	General Obligation Bonds
2020	\$139,604	\$212,211	\$77,997
2021	159,359	237,429	77,997
2022	159,359	237,549	77,997
2023	159,359	237,674	77,997
2024	128,503	237,803	77,997
2025-2029	244,962	1,191,093	389,983
2030-2034	197,554	867,341	389,983
2035-2039	197,554	455,673	194,992
2040-2044	166,131	125,502	
2045-2049	83,333	125,502	
2050	8,334	25,100	
Total	<u>\$1,644,052</u>	<u>\$3,952,877</u>	<u>\$1,364,943</u>

Note 10 – Public Entity Risk Pool

The Village participates in the Ohio Municipal League Group Rating Plan (GRP) for worker’s compensation. The pool’s business and affairs are conducted by a twenty-six member Board of Trustees consisting of fifteen mayors, two council members, three administrators, three finance directors, and three law directors which are voted on by the members for staggered two-year terms. The Executive Director of the Ohio Municipal League serves as the coordinator of the Program. Each year the participants pay an enrollment fee to the program to cover the costs of administering the program.

Note 11 – Transfers

Transfers in the amount of \$150,000 were made from the General Fund to the Street Construction Maintenance and Repair Fund to cover costs.

Note 12– COVID-19

The United States and the State of Ohio declared a state of emergency in March of 2020 due to the COVID-19 pandemic. The financial impact of COVID-19 and the continuing emergency measures will impact subsequent periods of the Village. The impact on the Village’s future operating costs, revenues, and additional recovery from emergency funding, either federal or state, cannot be estimated.

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

Village of Elida
Allen County
406 E. Main Street
Elida, Ohio 45807

To the Members of Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements for each governmental and proprietary fund type and the fiduciary fund type combined total as of and for the year ended December 31, 2020 and for each governmental, proprietary and fiduciary fund type as of and for the year ended December 31, 2019, and related notes of the Village of Elida, Allen County, (the Village) and have issued our report thereon dated May 5, 2021, wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit. We also noted the financial impact of COVID-19 and the continuing emergency measures which may impact subsequent periods of the Village.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the Village's internal control over financial reporting (internal control) as a basis for designing audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the Village's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the Village's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2020-001 to be a material weakness.

Compliance and Other Matters

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

Village's Response to Finding

The Village's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not subject the Village's response to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the Village's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the Village's internal control and compliance. Accordingly, this report is not suitable for any other purpose.



Keith Faber
Auditor of State
Columbus, Ohio

May 5, 2021

**VILLAGE OF ELIDA
ALLEN COUNTY**

**SCHEDULE OF FINDINGS
December 31, 2020 and 2019**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2020-001

Material Weakness - Accuracy of Financial Reporting

In our audit engagement letter, as required by AU-C Section 210, *Terms of Engagement*, paragraph .06, management acknowledged its responsibility for the preparation and fair presentation of their financial statements; this responsibility includes designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements free from material misstatement, whether due to fraud or error as discussed in AU-C Section 210 paragraphs .A14 & .A16.

The following errors were identified in December 31, 2020 financial statements:

- Mayor's Court State and City Costs were improperly recorded in the General Fund as fines, licenses, and permits receipts and general government disbursements in the amount of \$2,151; this activity was removed from the General Fund financial statements;
- A 2016 refund for a deposit, in the amount of \$29,949, from Ohio Department of Transportation was recorded as intergovernmental receipts in the Special Revenue State Highway Fund for \$29,949 instead of miscellaneous receipts;
- Homestead and rollback receipts in the amount of \$10,266 were recorded as property tax receipts instead of intergovernmental receipts in the General Fund;
- An on-behalf grant in the amount of \$102,236 from the Ohio Public Works Commission (OPWC) for project DMS02 was not recorded as intergovernmental receipts and capital outlay in the governmental Greenlawn Street Reconstruction Capital Projects Fund;
- On-behalf loan payments in the amount of \$210,599 paid by the Ohio Water Development Authority (OWDA) in 2020 for the Greenlawn Street Reconstruction project was recorded by the Village in 2019 instead of 2020. As a result loans received receipts and capital outlay disbursements had to be increased by \$210,599 in the Capital Projects Fund;
- Capitalized interest in the amount of \$7,132 related to the Greenlawn Street Reconstruction was not recorded. As a result loans issued receipts and interest & fiscal charges disbursements was increased by this amount in the Capital Projects Greenlawn Reconstruction Fund;
- Transfers in and transfers out activity in the amount of \$689,635 between the General Fund and the Special Revenue Income Tax Fund was adjusted off the financial statements as a result of rolling the Income Tax Fund into the General Fund for financial reporting under Governmental Accounting Standards Board (GASB) Statement 54; and
- Activity related to the Mayor's Court was not recorded within the Mayor's Court Custodial Fund. This resulted in adjustments to record \$6,631 in fines, licenses and permits for distribution receipts, \$2,151 in distributions to other governments and \$5,180 in distributions to other funds (primary government) disbursements, an opening fund balance of \$1,025, and an ending fund balance of \$325;

The following errors were identified in December 31, 2019 financial statements:

- Mayor's Court State and City Costs were improperly recorded in the General Fund as fines, licenses, and permits receipts and general government disbursements in the amount of \$4,758; this activity was removed from the General Fund financial statements;
- Debt payments for the Elida School Annexation were recorded as other financing uses disbursements in the General Fund in the amount of \$30,856, rather than as principal retirement disbursements;

FINDING NUMBER 2020-001
(Continued)

- Homestead and rollback receipts in the amount of \$10,308 were recorded as property tax receipts instead of intergovernmental receipts in the General Fund;
- Transfers in and transfers out activity in the amount of \$610,000 between the General Fund and the Special Revenue Income Tax Fund was adjusted off the financial statements as a result of rolling the Income Tax Fund into the General Fund for financial reporting under Governmental Accounting Standards Board (GASB) Statement;
- The General Fund ending balance of \$451,091 was classified as non-spendable. The balance of the Unclaimed Monies Fund in the amount of \$943 was correctly classified as non-spendable under Governmental Accounting Standards Board (GASB) Statement No. 54, paragraph 7 (GASB Codification 1800.166) – *Fund Balance Reporting and Governmental Fund Type Definitions*, which requires amounts to be retained in perpetuity to be classified as non-spendable. However \$447,163 of this balance represented an appropriation of existing fund balance to eliminate a projected budgetary deficit in the subsequent year's budget, and \$2,985 of this balance represented outstanding encumbrances at year-end. GASB Statement No. 54, paragraph 16 (GASB Codification 1800.176), states an appropriation of existing fund balance to eliminate a projected budgetary deficit in the subsequent year's budget in an amount no greater than the projected excess of expected expenditures over expected revenues satisfies the criteria to be classified as an assignment of fund balance. GASB Statement 54, paragraph 24 (GASB Codification 1800.184), states encumbered amounts for specific purposes for which amounts have not been previously restricted, committed, or assigned should not be classified as unassigned but, rather, should be included within committed or assigned fund balance;
- Debt payments, in the amount of \$10,766, were recorded as capital outlay disbursements in the Special Revenue Street Construction Maintenance and Repair Fund instead of \$10,202 in principal retirement disbursements, and interest and fiscal charges disbursements in the amount of \$564;
- On-behalf loan payments in the amount of \$210,599 paid by the Ohio Water Development Authority (OWDA) in 2020 for the Greenlawn Street Reconstruction project was recorded by the Village in 2019 instead of 2020. As a result loans received receipts and capital outlay disbursements had to be decreased by \$210,599 in the Capital Projects Fund;
- Capitalized interest in the amount of \$4,757 related to the Greenlawn Street Reconstruction was not recorded. As a result loans issued receipts and interest & fiscal charges disbursements was increased by this amount in the Capital Projects Greenlawn Reconstruction Fund;
- Debt payments, in the amount of \$5,000, were recorded as capital outlay disbursements in the Enterprise Water Operating and Sewer Operating funds, instead of principal retirement disbursements in the amount of \$4,876, and interest and other fiscal charges disbursements in the amount of \$124;
- Debt payments, in the amount of \$752, were recorded as interest and other fiscal charges disbursements in the Enterprise Refuse Operating Fund instead of principal retirement disbursements; and
- Activity related to the Mayor's Court was not recorded within the Mayor's Court Agency Fund. This resulted in adjustments to record \$15,744 in fines, licenses and permits receipts, \$16,344 in other operating cash disbursements, an opening fund balance of \$1,625, and an ending fund balance of \$1,025;

The 2020 and 2019 notes to the financial statements also had errors such as, but not limited to, errors in the budgetary notes and the debt amortization tables.

The accompanying financial statements and notes to the financial statements have been adjusted to correct these recording errors. Adjustments were not required to be made to the accounting records since there was not an impact on fund balances at December 31, 2020.

**FINDING NUMBER 2020-001
(Continued)**

Other recording errors that were not material to the financial statements were identified but not adjusted in the accompanying financial statements. These errors ranged in amounts from \$132 to \$7,127.

The lack of monitoring controls may have been a contributing factor to errors and omissions not being detected in the accounting records or annual compilations. During 2019 and 2020, the only evidence of monitoring controls was the review of the accounting system generated Payment Listing Report and Mayor's Court Fines and Fees reports by Council.

Errors in the financial statements and supporting ledgers inhibit the ability of the Village to monitor financial activity and to identify, analyze, and react to risks to make sound financial decisions. Reliance on financial information that contains errors could result in noncompliance with laws and regulations applicable to the Village. In addition, financial information with errors reduces the likelihood that irregularities are detected in a timely manner. Since the notes to the financial statements further the understanding of the financial statements, errors impact the users' understanding of the financial statements and the Village.

The errors identified above should be reviewed by the Fiscal Officer to help ensure that similar errors do not occur in subsequent years. In addition, the Fiscal Officer should review the Ohio Village Officer's Handbook – Appendix A-2, Auditor of State Bulletins and other resources available for guidance at <https://ohioauditor.gov/> on the classification of receipts and disbursements. In addition to the reports currently provided to Council throughout the year, the Fiscal Officer should also provide financial reports that show receipts and disbursements at the classification level of activity such as but not limited to property tax receipts and principal and interest disbursements. To further monitoring and to reduce the risk of budgetary noncompliance, Council should be provided with budgeted versus actual receipts and budgeted versus actual disbursement reports, and fund balance reports. The review of budgetary reports will also aid in the detection of reporting errors if anticipated budgeted receipts or disbursements activity is not in line with actual activity which could be an indication of recording errors. Completeness and accuracy of financial activity can be monitored by Council's review of monthly bank to book reconciliations and the review of debt and grant agreements for evidence of on-behalf activity. At year-end, prior to filing, a review of the annual compilation should be performed by Council or a sub-committee such as an audit or finance committee, to ensure accuracy and completeness. If more efficient, a Council sub-committee could perform some of the above suggested monitoring procedures and report the results to Council. Evidence of all monitoring procedures should be documented in the Minutes and/or documents reviewed.

OFFICIALS' RESPONSE:

The error in homestead and rollback receipts in the amount of \$10,266 was just a mistake but the Village has notes to try and prevent in the future. The Village was unaware of the capitalized interest that was charged until the audit team identified this to the Village. The errors in transfers between the General Fund and Special Revenue Income Tax Fund will not happen again due to the fact that the Village deleted the Income Tax Fund and put everything in the General Fund. The error in the Elida School Annexation will not happen again because the Village no longer has this payment. The errors in debt payments have been corrected.

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Village of Elida

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SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

December 31, 2020 and 2019

Finding Number	Finding Summary	Status	Additional Information
2018-001	Material Weakness	Not Corrected	Repeated as Finding Number 2020-001
2018-002	Noncompliance – ORC section 5705.10(D) Receipt recording errors	Fully Corrected	
2018-003	Noncompliance Citation/FFR repaid under audit – Vacation leave overpayment	Fully Corrected	

OHIO AUDITOR OF STATE KEITH FABER



VILLAGE OF ELIDA

ALLEN COUNTY

AUDITOR OF STATE OF OHIO CERTIFICATION

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



Certified for Release 6/8/2021

88 East Broad Street, Columbus, Ohio 43215
Phone: 614-466-4514 or 800-282-0370

This report is a matter of public record and is available online at
www.ohioauditor.gov