



**VILLAGE OF ELDORADO
PREBLE COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2000-1999



**JIM PETRO
AUDITOR OF STATE**

STATE OF OHIO

VILLAGE OF ELDORADO
PREBLE COUNTY

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INDEPENDENT ACCOUNTANTS' REPORT

Village of Eldorado
Preble County
200 N. Main Street
Eldorado, Ohio 45321

To the Village Council:

We have audited the accompanying financial statements of the Village of Eldorado, Preble County, Ohio (the Village), as of and for the years ended December 31, 2000 and 1999. 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 generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village as of December 31, 2000 and 1999, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 30, 2001, 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

Jim Petro
Auditor of State

April 30, 2001

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**VILLAGE OF ELDORADO
PREBLE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2000**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts:			
Property Tax and Other Local Taxes	\$21,795	\$12,755	\$34,550
State Shared Taxes and Permits			0
Special Assessments			0
Intergovernmental Receipts	50,077	57,999	108,076
Charges for Services	32,103	30,000	62,103
Fines, Licenses, and Permits	230	0	230
Earnings on Investments	21,360	669	22,029
Miscellaneous	6,307	0	6,307
	<u>131,872</u>	<u>101,423</u>	<u>233,295</u>
Total Cash Receipts			
Cash Disbursements:			
Current:			
Security of Persons and Property	1,756	10,657	12,413
Public Health Services	800	0	800
Leisure Time Activities	649	0	649
Community Environment	204	0	204
Basic Utility Services	28,558	0	28,558
Transportation	0	62,509	62,509
General Government	56,583	0	56,583
Capital Outlay	16,761	72,930	89,691
	<u>105,311</u>	<u>146,096</u>	<u>251,407</u>
Total Disbursements			
Total Receipts Over/(Under) Disbursements	<u>26,561</u>	<u>(44,673)</u>	<u>(18,112)</u>
Other Financing Receipts/(Disbursements):			
Proceeds from Loan	0	44,600	44,600
Transfers-In	0	7,320	7,320
Transfers-Out	(18,472)	0	(18,472)
	<u>(18,472)</u>	<u>51,920</u>	<u>33,448</u>
Total Other Financing Receipts/(Disbursements)			
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	8,089	7,247	15,336
Fund Cash Balances, January 1	<u>96,344</u>	<u>73,395</u>	<u>169,739</u>
Fund Cash Balances, December 31	<u>\$104,433</u>	<u>\$80,642</u>	<u>\$185,075</u>
Reserves for Encumbrances, December 31	<u>\$9,861</u>	<u>\$0</u>	<u>\$9,861</u>

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF ELDORADO
PREBLE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Enterprise</u>
Operating Cash Receipts:	
Charges for Services	\$347,448
Miscellaneous	<u>9,129</u>
Total Operating Cash Receipts	<u>356,577</u>
Operating Cash Disbursements:	
Personal Services	38,783
Fringe Benefits	6,247
Contractual Services	168,486
Supplies and Materials	38,411
Capital Outlay	<u>32,263</u>
Total Operating Cash Disbursements	<u>284,190</u>
Operating Income/(Loss)	<u>72,387</u>
Total Non-Operating Cash Receipts	<u>0</u>
Non-Operating Cash Disbursements:	
Debt Service	19,600
Other Non-Operating Cash Disbursements	<u>3,750</u>
Total Non-Operating Cash Disbursements	<u>23,350</u>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	49,037
Transfers-In	34,581
Transfers-Out	<u>(23,430)</u>
Net Receipts Over/(Under) Disbursements	60,188
Fund Cash Balances, January 1	<u>357,171</u>
Fund Cash Balances, December 31	<u><u>\$417,359</u></u>
Reserve for Encumbrances, December 31	<u><u>\$29,584</u></u>

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF ELDORADO
PREBLE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 1999**

	General	Special Revenue	Totals (Memorandum Only)
Cash Receipts:			
Property Tax and Other Local Taxes	\$22,230	\$11,960	\$34,190
State Shared Taxes and Permits			0
Special Assessments			0
Intergovernmental Receipts	54,291	13,970	68,261
Charges for Services	31,134	52,905	84,039
Fines, Licenses, and Permits	485	0	485
Earnings on Investments	19,722	643	20,365
Miscellaneous	3,517	0	3,517
	<u>131,379</u>	<u>79,478</u>	<u>210,857</u>
 Total Cash Receipts			
Cash Disbursements:			
Current:			
Security of Persons and Property	2,624	11,164	13,788
Public Health Services	563	0	563
Leisure Time Activities	4,607	0	4,607
Community Environment	199	0	199
Basic Utility Services	27,873	0	27,873
Transportation	0	18,529	18,529
General Government	62,823	0	62,823
Capital Outlay	25,640	37,636	63,276
	<u>124,329</u>	<u>67,329</u>	<u>191,658</u>
 Total Disbursements			
Total Receipts Over/(Under) Disbursements	<u>7,050</u>	<u>12,149</u>	<u>19,199</u>
 Other Financing Receipts/(Disbursements):			
Transfers-In	0	430	430
Transfers-Out	(10,599)	0	(10,599)
	<u>(10,599)</u>	<u>430</u>	<u>(10,169)</u>
 Total Other Financing Receipts/(Disbursements)			
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(3,549)</u>	<u>12,579</u>	<u>9,030</u>
 Fund Cash Balances, January 1	<u>99,893</u>	<u>60,816</u>	<u>160,709</u>
 Fund Cash Balances, December 31	<u>\$96,344</u>	<u>\$73,395</u>	<u>\$169,739</u>

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF ELDORADO
PREBLE COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 1999**

	Enterprise
Operating Cash Receipts:	
Charges for Services	\$362,110
Miscellaneous	2,178
	364,288
Total Operating Cash Receipts	364,288
Operating Cash Disbursements:	
Personal Services	41,393
Fringe Benefits	9,548
Contractual Services	176,690
Supplies and Materials	45,555
Capital Outlay	75,419
	348,605
Total Operating Cash Disbursements	348,605
Operating Income/(Loss)	15,683
Non-Operating Cash Receipts:	
Special Assessments	698
	698
Total Non-Operating Cash Receipts	698
Non-Operating Cash Disbursements:	
Debt Service	20,000
Other Non-Operating Cash Disbursements	3,000
	23,000
Total Non-Operating Cash Disbursements	23,000
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	(6,619)
Transfers-In	33,599
Transfers-Out	(23,430)
	3,550
Net Receipts Over/(Under) Disbursements	3,550
Fund Cash Balances, January 1	353,621
Fund Cash Balances, December 31	\$357,171

The notes to the financial statements are an integral part of this statement.

**VILLAGE OF ELDORADO
PREBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Eldorado, Preble County, (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 water, sewer, and sanitation utilities. The Village contracts with the Preble County Sheriff's department to provide security of persons and property.

The Village participates in a joint venture, OMEGA JV5. This joint venture is presented in Note 9 to the financial statements and is excluded from the accompanying financial statements.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash 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.

C. Cash and Investments

Certificates of deposit are valued at cost. The investment in STAROhio (the State Treasurer's investment pool) is valued at amounts reported by the State Treasurer.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

D. 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:

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**VILLAGE OF ELDORADO
PREBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Special Revenue Fund

These funds are used to account for proceeds from specific sources (other than from trusts or 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 constructing, maintaining and repairing Village streets.

Fire Operating Fund - This fund receives money from area townships for which the Village provides Fire Department Services. Expenditures are for operating costs of the fire department.

Fire Truck Reserve Fund - This fund receives money from area townships for which the Village provides Fire Department Services. Expenditures are made for debt issued for the purchase of a fire truck.

3. Enterprise Funds

These funds account for operations that are similar to private business enterprises where management intends that the significant costs of providing certain goods or services will be recovered 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.

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

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

1. 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. The Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapsed at year end.

2. 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.

**VILLAGE OF ELDORADO
PREBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end were carried over at the end of 2000, and need not be reappropriated. Encumbrances outstanding at year end were canceled for 1999, and reappropriated in the subsequent year. The Village did not encumber all commitments required by Ohio law.

A summary of 2000 and 1999 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

G. Unpaid Vacation and Sick 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 cash basis of accounting used by the Village.

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	<u>2000</u>	<u>1999</u>
Demand deposits	\$ 271,364	\$ 195,840
Certificates of deposit	<u>281,020</u>	<u>281,020</u>
Total deposits	<u>552,384</u>	<u>476,860</u>
STAROhio	<u>50,000</u>	<u>50,000</u>
Total investments	<u>50,000</u>	<u>50,000</u>
Cash on Hand	<u>50</u>	<u>50</u>
Total deposits, investments, and cash on hand	<u>\$ 602,434</u>	<u>\$ 526,910</u>

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation or (2) collateralized by securities specifically pledged by the financial institution to the Village.

Investments: Investments in STAROhio are not evidenced by securities that exist in physical or book-entry form.

**VILLAGE OF ELDORADO
PREBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2000 and 1999 follows:

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 90,000	\$ 131,872	\$ 41,872
Special Revenue	149,262	153,343	4,081
Enterprise	349,430	391,158	41,728
Total	\$ 588,692	\$ 676,373	\$ 87,681

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 168,950	\$ 133,644	\$ 35,306
Special Revenue	183,362	146,096	37,266
Enterprise	591,150	360,554	230,596
Total	\$ 943,462	\$ 640,294	\$ 303,168

1999 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 90,000	\$ 131,379	\$ 41,379
Special Revenue	52,500	79,908	27,408
Enterprise	350,930	398,585	47,655
Total	\$ 493,430	\$ 609,872	\$ 116,442

1999 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 178,260	\$ 134,928	\$ 43,332
Special Revenue	90,000	67,329	22,671
Enterprise	600,120	395,035	205,085
Total	\$ 868,380	\$ 597,292	\$ 271,088

**VILLAGE OF ELDORADO
PREBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Village Council. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half 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.

Tangible personal property tax is assessed by the property owners, who must file a list of such 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 behalf of the Village.

5. DEBT

Debt outstanding at December 31, 2000 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
1978 Sewer Revenue Bonds	\$ 224,000	5%
Rescue Unit Note	<u>41,558</u>	7%
Total	<u>\$ 265,558</u>	

The 1978 Sewer Revenue Bonds were initially issued for \$349,000. They are First Mortgage Sanitary Sewage System Revenue Bonds for the purpose of constructing improvements to the sanitary sewage system of the Village. These bonds will be paid through user charges.

The Fire Truck Note was initially issued on October 24, 1995 for the purpose of purchasing a N3D Fire Pumper Truck. This note was renewed on November 13, 1998 for \$31,615 with 6.5% interest and a maturity date of November 23, 2001. However, the Village paid more than the required amounts and this loan was paid off on April 12, 2000.

The Rescue Unit Note was issued on September 1, 2000 for the purpose of purchasing a 1991 Navistar International 4900 Rescue Unit. This loan has an interest rate of 7% and a maturity date of September 1, 2005.

**VILLAGE OF ELDORADO
PREBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

5. DEBT (Continued)

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

Year ending December 31:	1978 Sewer Revenue Bonds	Rescue Unit Note
2001	\$ 20,200	\$ 9,600
2002	19,750	9,600
2003	20,300	9,600
2004	19,800	9,600
2005	20,300	7,200
Subsequent	<u>236,850</u>	<u>0</u>
Total	<u>\$ 337,200</u>	<u>\$ 45,600</u>

6. RETIREMENT SYSTEMS

The Village's full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including post-retirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries in 1999 and 10.84% in 2000. The Village has paid all contributions required through December 31, 2000.

7. RISK MANAGEMENT

The Village is a member of the Public Entities Pool of Ohio, a local government risk pool (the Pool). The Pool assumes the risk of loss up to the limits of the Village's policy. The Pool may assess supplemental premiums. The following risks are covered by the Pool:

- General liability and casualty
- Public official's liability
- Vehicle
- Employee benefit liability

The Village also provides health insurance to full-time employees through a private carrier.

8. CONTINGENT LIABILITIES

The Village is defendant in a lawsuit. Although the outcome of the suit is not presently determinable, management believes that the resolution of these matters will not materially adversely affect the Village's financial condition.

**VILLAGE OF ELDORADO
PREBLE COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2000 AND 1999
(Continued)**

9. JOINT VENTURE

Ohio Municipal Electric Generation Agency Joint Venture 5 (OMEGA JV5) was established with the Village and 41 other public entities in the state of Ohio. This joint venture was established to obtain an additional, very long-term source of reliable, environmentally sound and reasonably priced electrical power and energy.

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**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

Village of Eldorado
Preble County
200 N. Main Street
Eldorado, Ohio 45321

To the Village Council:

We have audited the financial statements of the Village of Eldorado, Preble County, Ohio (the Village), as of and for the years ended December 31, 2000 and 1999, and have issued our report thereon dated April 30, 2001. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated April 30, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated April 30, 2001.

Village of Eldorado
Preble County
Report on Compliance and on Internal Control Required by
Government Auditing Standards
Page 2

This report is intended for the information and use of the Audit Committee, management, and the Village Council, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

April 30, 2001



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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VILLAGE OF ELDORADO

PREBLE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MAY 22, 2001**