VILLAGE OF ELMORE
OTTAWA COUNTY

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2006 AND 2007

Mary Taylor, CPA
Auditor of State

VILLAGE OF ELMORE
OTTAWA COUNTY

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Mary Taylor, CPA
Auditor of State

Village of Elmore
Ottawa County
344 Rice Street, P.O. Box 3
Elmore, Ohio 43416-0003

To the Village Council:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

Mary Taylor

Mary Taylor, CPA
Auditor of State

July 31, 2008

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INDEPENDENT ACCOUNTANTS' REPORT

Village of Elmore
Ottawa County
344 Rice Street, P.O. Box 3
Elmore, Ohio 43416-0003

To the Village Council:

We have audited the accompanying financial statements of the Village of Elmore, Ottawa County, (the Village) as of and for the years ended December 31, 2007 and 2006. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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. The Village processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Village because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinion.

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

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Village's larger (i.e. major) funds separately. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require villages to reformat their statements. The Village has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statements referred to above for the years ended December 31, 2007 and 2006, do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2007 and 2006 or its changes in financial position or cash flows, where applicable for the years then ended.

Also, 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 of Elmore, Ottawa County, as of December 31, 2007 and 2006, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

The Village has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 31, 2008, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Mary Taylor

Mary Taylor, CPA
Auditor of State

July 31, 2008

VILLAGE OF ELMORE
OTTAWA COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2007

	Governmental Fund Types			
	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts:				
Property and Local Taxes	$185,498	$171,185		$356,683
Municipal Income Tax	288,272		$341,937	630,209
Intergovernmental	88,563	88,217	114,664	291,444
Charges for Services	4,431	195		4,626
Fines, Licenses and Permits	7,676	260		7,936
Earnings on Investments	128,457	6,447		134,904
Miscellaneous	21,638	549		22,187
Total Cash Receipts	724,535	266,853	456,601	1,447,989
Cash Disbursements:				
Current:				
Security of Persons and Property	298,955	1,000		299,955
Public Health Services	4,151			4,151
Leisure Time Activities	16,165			16,165
Community Environment	4,438			4,438
Basic Utility Service	56,683	63,729	131,677	252,089
Transportation		130,009		130,009
General Government	222,889			222,889
Capital Outlay			50,583	50,583
Total Cash Disbursements	603,281	194,738	182,260	980,279
Total Cash Receipts Over Cash Disbursements	121,254	72,115	274,341	467,710
Fund Cash Balances, January 1	717,127	375,394	358,955	1,451,476
Fund Cash Balances, December 31	**$838,381**	**$447,509**	**$633,296**	**$1,919,186**
Reserve for Encumbrances, December 31	$1,835	$8,403	$18,085	$28,323

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

VILLAGE OF ELMORE
OTTAWA COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES - PROPRIETARY FUND TYPE FOR THE YEAR ENDED DECEMBER 31, 2007

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts:	
Charges for Services	$1,824,252
Miscellaneous	9,290
Total Operating Cash Receipts	1,833,542
Operating Cash Disbursements:	
Personal Services	191,664
Employee Fringe Benefits	72,624
Contractual Services	908,805
Supplies and Materials	63,585
Other	1,838
Total Operating Cash Disbursements	1,238,516
Operating Income	595,026
Non-Operating Cash Receipts:	
Miscellaneous Receipts	2,498
Non-Operating Cash Disbursements:	
Capital Outlay	322,590
Redemption of Principal	20,833
Interest and Other Fiscal Charges	87,659
Total Non-Operating Cash Disbursements	431,082
Net Receipts Over Disbursements	166,442
Fund Cash Balances, January 1	1,976,338
Fund Cash Balances, December 31	**$2,142,780**
Reserve for Encumbrances, December 31	$2,879

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

VILLAGE OF ELMORE
OTTAWA COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2006

	Governmental Fund Types			
	General	**Special Revenue**	**Capital Projects**	**Totals (Memorandum Only)**
Cash Receipts:				
Property and Local Taxes	$182,180	$171,209	$78,025	$431,414
Municipal Income Tax	259,108		283,317	542,425
Intergovernmental	119,458	88,489	432,375	640,322
Charges for Services	15,316	155	300	15,771
Fines, Licenses and Permits	8,385	4,813		13,198
Earnings on Investments	106,104	480		106,584
Miscellaneous	9,278		1,002	10,280
Total Cash Receipts	699,829	265,146	795,019	1,759,994
Cash Disbursements:				
Current:				
Security of Persons and Property	282,731	500		283,231
Public Health Services	3,961			3,961
Leisure Time Activities	17,029			17,029
Community Environment	7,997			7,997
Basic Utility Service	55,868	62,485	137,696	256,049
Transportation		221,089		221,089
General Government	187,289			187,289
Capital Outlay			440,531	440,531
Total Cash Disbursements	554,875	284,074	578,227	1,417,176
Total Cash Receipts Over/(Under) Cash Disbursements	144,954	(18,928)	216,792	342,818
Other Financing Receipts / (Disbursements):				
Sale of Fixed Assets	1,287	2,700		3,987
Other Financing Uses	(1)			(1)
Total Other Financing Receipts / (Disbursements)	1,286	2,700		3,986
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	146,240	(16,228)	216,792	346,804
Fund Cash Balances, January 1	570,887	391,622	142,163	1,104,672
Fund Cash Balances, December 31	**$717,127**	**$375,394**	**$358,955**	**$1,451,476**
Reserve for Encumbrances, December 31	$3,875	$64	$16,000	$19,939

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

VILLAGE OF ELMORE
OTTAWA COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES - PROPRIETARY FUND TYPE FOR THE YEAR ENDED DECEMBER 31, 2006

	Proprietary Fund Type
	Enterprise
Operating Cash Receipts:	
Charges for Services	$1,844,377
Miscellaneous	9,997
Total Operating Cash Receipts	1,854,374
Operating Cash Disbursements:	
Personal Services	195,093
Employee Fringe Benefits	68,709
Contractual Services	996,857
Supplies and Materials	56,850
Other	1,408
Total Operating Cash Disbursements	1,318,917
Operating Income	535,457
Non-Operating Cash Receipts:	
Sale of Fixed Assets	4,100
Non-Operating Cash Disbursements:	
Capital Outlay	190,838
Redemption of Principal	20,230
Interest and Other Fiscal Charges	76,394
Total Non-Operating Cash Disbursements	287,462
Net Receipts Over Disbursements	252,095
Fund Cash Balances, January 1	1,724,243
Fund Cash Balances, December 31	**$1,976,338**
Reserve for Encumbrances, December 31	$3,820

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Elmore, Ottawa County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides water and sewer utilities, electrical power, park operations (leisure time activities), police, fire and emergency medical services (security of persons and property), general government services, zoning operations (community environment), street and highway (transportation), and refuse collection (basic utility services). The Village contracts with the Harris-Elmore Fire and EMS to receive fire protection and emergency medical services.

The Village participates in a public entity risk pool and 3 joint ventures. Notes 8 and 9 to the financial statements provides additional information for these entities. These organizations are:

Public Entity Risk Pool:
Ohio Government Risk Management Plan (the "Plan") - The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine, and other coverage for its members.

Joint Ventures:
The Village is a member of JV2, JV5, and JV6 which are all joint ventures with several other governments to produce electric power. These joint ventures are managed by American Municipal Power (AMO-Ohio).

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

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Village 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 Auditor of State prescribes or permits.

C. Cash and Investments

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

Repurchase agreements are valued at cost. Money market mutual funds (including STAR Ohio) are recorded at share values the mutual funds report.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

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

2. Special Revenue Funds

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

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

<u>Solid Waste Fund</u> – This fund receives monies from property taxes to dispose of solid waste from the Village residents.

3. Capital Project Funds

These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise funds). The Village had the following significant capital project fund:

<u>Other Capital Project Fund</u> – This fund receives income tax receipts that are restricted for the acquisition or construction of major capital projects. This fund also received proceeds from a Community Development Block Grant for capital projects.

4. 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 Fund:

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

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 Village Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse 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.

3. Encumbrances

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

A summary of 2007 and 2006 budgetary activity appears in Note 3.

F. Property, Plant, and Equipment

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

G. 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.

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	2007	2006
Demand deposits	$19,569	($98,267)
Cash on hand	450	450
Total deposits	20,019	(97,817)
STAR Ohio	1,497,999	1,426,423
Repurchase agreement	2,543,948	2,099,208
Total investments	4,041,947	3,525,631
Total deposits and investments	$4,061,966	$3,427,814

Deposits: Deposits are insured by the Federal Depository Insurance Corporation.

Investments: The Village's financial institution transfers securities to the Village's agent to collateralize repurchase agreements. The securities are not in the Village's name. Investments in STAR Ohio are not evidenced by securities that exist in physical or book-entry form.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending 2007 and 2006 follows:

2007 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	$675,000	$724,535	$49,535
Special Revenue	260,100	266,853	6,753
Capital Projects	230,000	456,601	226,601
Enterprise	1,873,900	1,836,040	(37,860)
Total	$3,039,000	$3,284,029	$245,029

2007 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	$728,190	$605,116	$123,074
Special Revenue	368,464	203,141	165,323
Capital Projects	409,577	200,345	209,232
Enterprise	2,194,220	1,672,477	521,743
Total	$3,700,451	$2,681,079	$1,019,372

3. BUDGETARY ACTIVITY – (Continued)

2006 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	$621,321	$701,116	$79,795
Special Revenue	251,262	267,846	16,584
Capital Projects	1,109,739	795,019	(314,720)
Enterprise	1,812,850	1,858,474	45,624
Total	$3,795,172	$3,622,455	($172,717)

2006 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	$608,042	$558,751	$49,291
Special Revenue	333,247	284,138	49,109
Capital Projects	698,774	594,227	104,547
Enterprise	1,985,112	1,610,199	374,913
Total	$3,625,175	$3,047,315	$577,860

Budgetary expenditures exceeded appropriation authority in the Maple Street OPWC Issue II Project Fund (Capital Project) by $105,470 for the year ended December 31, 2006.

The Fiscal Officer did not properly certify expenditures prior to their obligations.

4. PROPERTY TAX

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 homestead and rollback deductions. The financial statements include homestead and rollback 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.

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. LOCAL INCOME TAX

The Village levies a municipal income tax of 1.75 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 either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

6. DEBT

Debt outstanding at December 31, 2007, was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan	$219,172	6.35%
Ohio Public Works Commission Loan	85,813	
Total	$304,985	

The Ohio Water Development Authority (OWDA) loan relates to a storm sewer separation project which was mandated by the Ohio Environmental Protection Agency. The OWDA approved up to $305,094 in loans to the Village for this project. The Village will repay the loans in semiannual installments of $12,333, including interest, over 25 years. The scheduled payment amount below assumes that $305,094 will be borrowed. The OWDA will adjust scheduled payments to reflect any revisions in amounts the Village actually borrows. Water and sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The Ohio Public Works Commission (OPWC) loan relates to the same project and was approved in the amount of $214,530 to the Village for this project. The loan will be repaid in semiannual installments of $5,363, over 20 years, at a 0% interest rate.

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

Year ending December 31:	OWDA Loan	OPWC Loan
2008	$24,666	$10,727
2009	24,666	10,726
2010	24,666	10,727
2011	24,666	10,726
2012	24,666	10,727
2013 – 2017	123,330	32,180
2018 – 2021	86,331	
Total	$332,991	$85,813

7. RETIREMENT SYSTEMS

The Village's full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2007 and 2006, OP&F participants contributed 10% of their wages. For 2007 and 2006, the Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. For 2007 and 2006, OPERS members contributed 9.5 and 9%, respectively, of their gross salaries and the Village contributed an amount equaling 13.85 and 13.7%, respectively, of participants' gross salaries. The Village has paid all contributions required through December 31, 2007.

8. RISK MANAGEMENT

Risk Pool Membership

The Village belongs to the Ohio Government Risk Management Plan (the "Plan"), a non-assessable, unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to over 550 Ohio governments ("Members").

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is a separate legal entity. The Plan provides property, liability, errors and omissions, law enforcement, automobile, excess liability, crime, surety and bond, inland marine and other coverages, modified for each Member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the Member's deductible.

The Plan issues its own policies and reinsures the Plan with A- VII or better rated carriers, except the Plan retains the lesser of 15% or $37,500 of casualty losses and the lesser of 10% or $100,000 of property losses. Individual Members are only responsible for their self-retention (deductible) amounts, which vary from member to member.

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

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

8. RISK MANAGEMENT – (Continued)

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31:

	2007	2006
Assets	$11,136,455	$9,620,148
Liabilities	(4,273,553)	(3,329,620)
Members' Equity	$6,862,902	$6,290,528

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

9. JOINT VENTURES

The Village is a participant with:

A. Ohio Municipal Electric Generation Agency Joint Venture 2 (OMEGA JV2)

The Village of Elmore is a Non-Financing Participant and an Owner Participant with an ownership percentage of .27% and shares participation with thirty-five other subdivisions within the State of Ohio in the Ohio Municipal Electric Generation Agency (OMEGA JV2). Owner Participants own undivided interests, as tenants in common, in the OMEGA JV2 Project in the amount of their respective Project Shares. Purchaser Participants agree to purchase the output associated with their respective Project shares, ownership of which is held in trust for such Purchaser Participants.

Pursuant to the OMEGA JV2 Agreement, the participants jointly undertook as either Financing Participants or Non-Financing Participants and as either Owner Participants or Purchaser Participants, the acquisition, construction, and equipping of OMEGA JV2, including such portions of OMEGA JV2 as have been acquired, constructed or equipped by AMP-Ohio and to pay or incur the costs of the same in accordance with the JV2 Agreement.

OMEGA JV2 was created to provide additional sources of reliable, reasonably priced electric power and energy when prices are high or during times of generation shortages or transmission constraints, and to improve the reliability and economic status of the participants' respective municipal electric utility system. The Project consists of 138.65 MW of distributed generation of which 134.081MW is the participants' entitlement and 4.569MW are held in reserve. On dissolution of OMEGA JV2, the net assets will be shared by the participants on a percentage of ownership basis. OMEGA JV2 is managed by AMP-Ohio, which acts as the joint venture's agent. During 2001, AMP-Ohio issued $50,260,000 of 20 year fixed rate bonds on behalf of the Financing Participants of OMEGA JV2. The net proceeds of the bond issue of $45,904,712 were contributed to OMEGA JV2. The Village's net investment in OMEGA JV2 was $106,827 at December 31, 2007. Complete financial statements for OMEGA JV2 may be obtained from AMP-Ohio or from the State Auditor's website at www.auditor.state.oh.us.

9. JOINT VENTURES – (Continued)

A. Ohio Municipal Electric Generation Agency Joint Venture 2 (OMEGA JV2) (Continued)

The thirty-six participating subdivisions and their respective ownership shares at December 31, 2007 are:

Municipality	Percent Ownership	Kw Entitlement	Municipality	Percent Ownership	Kw Entitlement
Hamilton	23.87%	32,000	Grafton	0.79%	1,056
Bowling Green	14.32%	19,198	Brewster	0.75%	1,000
Niles	11.49%	15,400	Monroeville	0.57%	764
Cuyahoga Falls	7.46%	10,000	Milan	0.55%	737
Wadsworth	5.81%	7,784	Oak Harbor	0.55%	737
Painesville	5.22%	7,000	Elmore	0.27%	364
Dover	5.22%	7,000	Jackson Center	0.22%	300
Galion	4.29%	5,753	Napoleon	0.20%	264
Amherst	3.73%	5,000	Lodi	0.16%	218
St. Mary’s	2.98%	4,000	Genoa	0.15%	199
Montpelier	2.98%	4,000	Pemberville	0.15%	197
Shelby	1.89%	2,536	Lucas	0.12%	161
Versailles	1.24%	1,660	South Vienna	0.09%	123
Edgerton	1.09%	1,460	Bradner	0.09%	119
Yellow Springs	1.05%	1,408	Woodville	0.06%	81
Oberlin	0.91%	1,217	Haskins	0.05%	73
Pioneer	0.86%	1,158	Arcanum	0.03%	44
Seville	0.79%	1,066	Custar	0.00%	4
	95.20%	127,640		4.80%	6,441
			Grand Total	100.00%	134,081

B. Ohio Municipal Electric Generation Agency Joint Venture 5 (OMEGA JV5)

The Village of Elmore is a Financing Participant with an ownership percentage of .58 %, and shares participation with forty-one other subdivisions within the State of Ohio in the Ohio Municipal Electric Generation Agency Joint Venture 5 (OMEGA JV5). Financing Participants own undivided interests, as tenants in common, without right of partition in the OMEGA JV5 Project.

Pursuant to the OMEGA Joint Venture JV5 Agreement (Agreement), the participants jointly undertook as Financing Participants, the acquisition, construction, and equipping of OMEGA JV5, including such portions of OMEGA JV5 as have been acquired, constructed or equipped by AMP-Ohio.

9. JOINT VENTURES – (Continued)

B. Ohio Municipal Electric Generation Agency Joint Venture 5 (OMEGA JV5) (Continued)

OMEGA JV5 was created to construct a 42 Megawatt (MW) run-of-the-river hydroelectric plant (including 40MW of backup generation) and associated transmission facilities (on the Ohio River near the Bellville, West Virginia Locks and Dam) and sells electricity from its operations to OMEGA JV5 Participants.

Pursuant to the Agreement each participant has an obligation to pay its share of debt service on the Beneficial Interest Certificates (Certificates) from the revenues of its electric system, subject only to the prior payment of Operating & Maintenance Expenses (O&M) of each participant's System, and shall be on a parity with any outstanding and future senior electric system revenue bonds, notes or other indebtedness payable from any revenues of the System. On dissolution of OMEGA JV5, the net assets will be shared by the financing participants on a percentage of ownership basis. Under the terms of the Agreement each participant is to fix, charge and collect rates, fees and charges at least sufficient in order to maintain a debt coverage ratio equal to 110% of the sum of OMEGA JV5 debt service and any other outstanding senior lien electric system revenue obligations. As of December 31, 2007 Elmore has met their debt coverage obligation.

The Agreement provides that the failure of any JV5 participant to make any payment due by the due date thereof constitutes a default. In the event of a default, OMEGA JV5 may take certain actions including the termination of a defaulting JV5 Participant's entitlement to Project Power. Each Participant may purchase a pro rata share of the defaulting JV5 Participant's entitlement to Project Power, which together with the share of the other non-defaulting JV5 Participants, is equal to the defaulting JV5 Participant's ownership share of the Project, in kilowatts ("Step Up Power") provided that the sum of any such increases shall not exceed, without consent of the non-defaulting JV5 Participant, an accumulated maximum kilowatts equal to 25% of such non-defaulting JV5 Participant's ownership share of the project prior to any such increases.

OMEGA JV5 is managed by AMP-Ohio, which acts as the joint venture's agent. During 1993 and 2001 AMP-Ohio issued $153,415,000 and $13,899,981 respectively of 30 year fixed rate Beneficial Interest Certificates (Certificates) on behalf of the Financing Participants of OMEGA JV5. The 2001 Certificates accrete to a value of $56,125,000 on February 15, 2030. The net proceeds of the bond issues were used to construct the OMEGA JV5 Project. On February 17, 2004 the 1993 Certificates were refunded by issuing 2004 Beneficial Interest Refunding Certificates in the amount of $116,910,000, which resulted in a savings to the membership of $34,951,833 from the periods 2005 through 2024.

The Village's net investment to date in OMEGA JV5 was $51,907 at December 31, 2007. Complete financial statements for OMEGA JV5 may be obtained from AMP-Ohio or from the State Auditor's website at www.auditor.state.oh.us.

9. JOINT VENTURES – (Continued)

C. Ohio Municipal Electric Generation Agency Joint Venture 6 (OMEGA JV6)

The Village of Elmore is a Financing Participant with an ownership percentage of 1.39%, and shares participation with nine other subdivisions within the State of Ohio in the Ohio Municipal Electric Generation Agency Joint Venture 6 (OMEGA JV6). Financing Participants, after consideration of the potential risks and benefits can choose to be Owner Participants or Purchaser Participants. Owner Participants own undivided interests, as tenants in common in the Project in the amount of its Project Share. Purchaser Participants purchase the Project Power associated with its Project Share.

Pursuant to the OMEGA Joint Venture JV6 Agreement (Agreement), the participants agree jointly to plan, acquire, construct, operate and maintain the Project, and hereby agree, to pay jointly for the electric power, energy and other services associated with the Project.

OMEGA JV6 was created to construct four (4) wind turbines near Bowling Green Ohio. Each turbine has a nominal capacity of 1.8 MW and sells electricity from its operations to OMEGA JV6 Participants.

Pursuant to the Agreement each participant has an obligation to pay its share of debt service on the Adjustable Rate Revenue Bonds (Bonds) from the revenues of its electric system, subject only to the prior payment of Operating & Maintenance Expenses (O&M) of each participant's System, and shall be on a parity with any outstanding and future senior electric system revenue bonds, notes or other indebtedness payable from any revenues of the System. On dissolution of OMEGA JV6, any excess funds shall be refunded to the Non-Financing Participants in proportion to each Participant's Project Share and to Financing Participant's respective obligations first by credit against the Financing Participant's respective obligations. Any other excess funds shall be paid to the Participants in proportion to their respective Project Shares. Under the terms of the Agreement each financing participant is to fix, charge and collect rates, fees, charges, including other available funds, at least sufficient in order to maintain a debt coverage ratio equal to 110% of the sum of OMEGA JV6 debt service and any other outstanding senior lien electric system revenue obligations. As of December 31, 2007 Elmore has met their debt coverage obligation.

The Agreement provides that the failure of any JV6 participant to make any payment due by the due date constitutes a default. In the event of a default and one in which the defaulting Participant failed to cure its default as provided for in the Agreement, the remaining participants would acquire the defaulting Participant's interest in the project and assume responsibility for the associated payments on a pro rata basis up to a maximum amount equal to 25% of such non-defaulting Participant's Project share ("Step Up Power").

OMEGA JV6 is managed by American Municipal Power-Ohio, Inc., which acts as the joint venture's agent. On July 30, 2004 AMP-Ohio issued $9,861,000 adjustable rate bonds that mature on August 15, 2019. The net proceeds of the bond issues were used to construct the OMEGA JV6 Project.

The Village's net investment to date in OMEGA JV6 was $122,574 at December 31, 2007. Complete financial statements for OMEGA JV6 may be obtained from AMP-Ohio or from the State Auditor's website at www.auditor.state.oh.us.

9. JOINT VENTURES – (Continued)

C. Ohio Municipal Electric Generation Agency Joint Venture 6 (OMEGA JV6) (Continued)

The ten participating subdivisions and their respective ownership shares at December 31, 2007 are:

Participant	KW Amount	% of Financing
Bowling Green	4,100	56.94%
Cuyahoga Falls	1,800	25.00%
Napoleon	300	4.17%
Oberlin	250	3.47%
Wadsworth	250	3.47%
Edgeton	100	1.39%
Elmore	100	1.39%
Montpelier	100	1.39%
Pioneer	100	1.39%
Monroeville	100	1.39%
Total	7,200	100.00%

10. PRAIRIE STATE ENERGY CAMPUS

Prairie State Project. The Prairie State Energy Campus (the "*PSEC*") will consist of a supercritical, coal-fired, mine mouth generating facility intended to have a maximum net rated electric generating capacity of approximately 1,582 MW, related equipment and facilities and associated coal reserves. The PSEC Owners (as defined below), including AMP-Ohio, own the PSEC. The generating facilities are being constructed pursuant to a TPEPC Contract (as defined herein) with Bechtel Power Corporation. The generating units and the mining facilities are scheduled to be in commercial operation in December 2012.

AMP-Ohio's 23.26% Ownership Interest in the PSEC (the "*Ownership Interest*") entitles AMP-Ohio to approximately 368 MW of the capacity and output from the PSEC and a proportionate share of the adjacent coal reserves and mining facilities. The Village has passed appropriate legislation and executed a power sales contract to participate in this project and has been allocated approximately 0.5 MW of this project.

In addition to AMP-Ohio's Ownership Interest in the PSEC, other undivided interests therein are owned by the Kentucky Municipal Power Agency ("*KMPA*"); the Northern Illinois Municipal Power Agency ("*NIMPA*"); the Illinois Municipal Electric Agency ("*IMEA*"); the Indiana Municipal Power Agency ("*IMPA*"); Lively Grove Energy Partners, LLC ("*Lively Grove Energy*"), currently a wholly-owned indirect subsidiary of Peabody Energy; the Missouri Joint Municipal Electric Utility Commission ("*MJMEUC*"); and Prairie Power, Inc. ("*PPI*") and the Southern Illinois Power Cooperative ("*SIPC*"), both not for profit electric generation and transmission cooperatives (collectively, and together with AMP 368 LLC, the "*PSEC Owners*").

10. PRAIRIE STATE ENERGY CAMPUS – (Continued)

Owner	Ownership Interest
AMP-Ohio	23.26%
IMEA	15.17
IMPA	12.64
MJMEUC	12.33
PPI	8.22
SIPC	7.90
KMPA	7.82
NIMPA	7.60
Lively Grove Energy	5.06
Total	100.00%

***AMPGS*.** AMP-Ohio is currently developing a twin unit, supercritical boiler, coal-fired, steam and electric generating facility having an aggregate net rated electric generating capacity of approximately 960 MW, to be known as the American Municipal Power Generating Station ("*AMPGS*") in Meigs County, in southeastern Ohio on the Ohio River. AMP-Ohio has options on the site and has engaged an independent engineering firm for owner engineer services in connection with its efforts to obtain and evaluate proposals from three potential engineer, procure, construct (EPC) contractors for AMPGS. To the extent that AMP-Ohio's members do not subscribe for the full capacity in AMPGS, AMP-Ohio expects to sell undivided ownership interest to unrelated parties. AMP Ohio has received an air permit from the Ohio Environmental Protection Agency for the AMPGS project. That permit is being appealed to the Ohio Environmental Review Appeals Commission. In addition, the Ohio Power Siting Board has issued a Certificate of Environmental Compatibility and Public Need for the AMPGS project. As of February 2008, AMP Ohio estimated the total cost of AMPGS, including capitalization of all interest expense prior to the commercial operation date in 2013, would be approximately $3.391 billion dollars. AMP Ohio's share of the expenses for a smaller ownership interest would be reduced proportionately.

Hydroelectric Projects. AMP-Ohio is also currently developing three hydroelectric projects (the "Hydroelectric Projects") - the Cannelton hydroelectric generating facility, the Smithland hydroelectric generating facility and the Willow Island hydroelectric generating facility – all on the Ohio River, with an aggregate generating capacity of approximately 191 MW. Each of these projects entail the installation of run-of-the-river hydroelectric generating facilities on existing United States Army Corps of Engineers' dams and includes associated transmission facilities. The AMP-Ohio Hydroelectric Projects, including associated transmission facilities, will be constructed, owned and operated by AMP-Ohio. AMP-Ohio has obtained from the Federal Energy Regulatory Commission licenses to operate all three hydroelectric generation facilities. In a feasibility report prepared for AMP-Ohio in 2007, the consulting engineer projected that the aggregate principal of bonds that AMP-Ohio would be required to issue to finance the three projects, including capitalized interest to their estimated in service dates in 2012, will be approximately $940 million. AMP-Ohio currently expects to provide interim financing for the Hydroelectric Projects through its Line of Credit, including the issuance of CP, and to issue a portion of its permanent financing therefore in the summer of 2008 when it expects to commence construction of the cofferdams for the projects.

11. SEGMENT INFORMATION FOR ENTERPRISE FUND

Included in the services provided by the Village financed primarily by user charges are water treatment and distribution, wastewater collection and treatment, electric utility services. The key financial information for the electric utility services for the year ended December 31, 2007, is indicated below:

	Electric Fund	Electric Reserve Fund	Other Enterprise Funds	Total Enterprise Funds
As of December 31, 2007:				
Operating Cash Receipts	$1,404,565		$428,977	$1,833,542
Debt Service	73,100		35,392	108,492
Capital Outlay	223,941		98,649	322,590
Operating Cash Disbursements	994,451		244,065	1,238,516
Fund Cash Balances at 12/31/07	888,773	$439,083	814,924	2,142,780
Operating Income	410,114		184,912	595,026
Net Receipt over Disbursements	115,571		50,871	166,442

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

Village of Elmore
Ottawa County
344 Rice Street, P.O. Box 3
Elmore, Ohio 43416-0003

To the Village Council:

We have audited the financial statements of the Village of Elmore, Ottawa County, (the Village) as of and for the years ended December 31, 2007 and 2006, and have issued our report thereon dated July 31, 2008, wherein we noted the Village prepared its financial statements using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We also noted the Village uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Village. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis.

One Government Center / Room 1420 / Toledo, OH 43604-2246
Telephone: (419) 245-2811 (800) 443-9276 Fax: (419) 245-2484
www.auditor.state.oh.us

A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Village's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Village's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider the following deficiencies described in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting: 2007-001 and 2007-004.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Village's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. However, we believe the findings described above are also material weaknesses.

We also noted certain matters that we reported to the Village's management in a separate letter dated July 31, 2008.

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 determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2007-001 to 2007-003.

We also noted certain noncompliance or other matters that we reported to the Village's management in a separate letter dated July 31, 2008.

We intend this report solely for the information and use of the audit committee, management, and Village Council. We intend it for no one other than these specified parties.

Mary Taylor

Mary Taylor, CPA
Auditor of State

July 31, 2008

SCHEDULE OF FINDINGS
DECEMBER 31, 2007 AND 2006

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

FINDING NUMBER 2007-001

Noncompliance Citation/Material Weakness

Chapter 5705 of the Revised Code sets forth a scheme that provides for a uniform budget and appropriation process in order to assure a governmental entity expends no more than it expects to receive in revenue. In order to accomplish this end, all appropriations must be accounted to and from each appropriation fund. While federal and state loans and grants are deemed appropriated and in the process of collection so as to be available for expenditure, they must still be recorded. R.C. 5705.42. Thus, a mechanism is still required to account for receipt and expenditure. That mechanism is an amendment of, or a supplement to, the entity's estimated resources, or its appropriation measure, which shall comply with all provisions of law governing the taxing authority in making an original appropriation. R.C. 5705.40. An original appropriation measure must be passed by the taxing authority, and any amendment of, or supplement to, that measure also requires legislative action. R.C. 5705.38.

In 2006 the Village was the beneficiary of $178,715 of Ohio Public Work Commission (OPWC) money sent directly to the vendor by OPWC and to the Village. The Fiscal Officer recorded only $12,367. The balance of $166,348 was not recorded. Auditor of State Bulletin 2000-008 and 2002-004, however, prescribe recording these transactions as receipts and disbursements in a capital project fund when the Village applies for a project and has administrative responsibilities. The accompanying financial statements and budgetary activity were adjusted to reflect this amount in the fund.

Sound financial reporting is the responsibility of the Fiscal Officer and Village Council and is essential to ensure the information provided to the readers of the financial statements and accompanying notes is complete and accurate.

To ensure the Village's financial statements and notes to the statements are complete and accurate, the Village should adopt policies and procedures, including a final review of the statements and notes by the Fiscal Officer and Council, to identify and correct errors and omissions to the Village's grant activity. The Fiscal Officer can review Auditor of State Bulletins 2000-008 and 2002-004 for accounting guidance for certain on-behalf-of grants or improvement projects.

FINDING NUMBER 2007-002

Noncompliance Citation

Ohio Revised Code § 5705.41(D)(1) prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

FINDING NUMBER 2007-002
(Continued)

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

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

Amounts of less than $3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This exception does not eliminate any otherwise applicable requirement for approval of expenditures by the Village Council.

2. Blanket Certificate – Fiscal officers may prepare "blanket" certificates for a sum not exceeding an amount established by resolution or ordinance by the members of the legislative authority against any specific line item account over a period not running beyond the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

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

The Fiscal Officer did not properly certify the availability of funds prior to purchase commitment for 26 percent of expenditures tested and there was no evidence that the Village followed the aforementioned exceptions. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances. The Village Council has, to date, not established the maximum blanket certificate amount by formal resolution or ordinance.

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

We recommend the Fiscal Officer certify all purchases to which section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include certification language 5705.41(D) requires to authorize disbursements. The Fiscal Officer should sign the certification at the time the Village incurs a commitment, and only when the requirements of 5705.41 (D) are satisfied. The Fiscal Officer should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation. Also, the Village Council should establish, by formal resolution or ordinance, the desired maximum amount of blanket certificates

FINDING NUMBER 2007-003

Noncompliance Citation

Ohio Revised Code § 5705.41(B) prohibits a subdivision from making an expenditure unless it has been properly appropriated.

At December 31, 2006, the following fund had expenditures exceeding appropriations:

Fund Type/Fund	Appropriations	Expenditures	Excess
Capital Project Fund Type:			
Maple Street OPWC Issue II Project Fund	$79,785	$185,255	($105,470)

Management was advised the failure to have adequate appropriations in place at the time of the expenditures are being made could result in expenditures to exceed available resources, further resulting in deficit spending practices.

The Fiscal Officer should not certify the availability of funds and should deny payment requests exceeding appropriations. The Fiscal Officer may request the Village Council to approve increased expenditure levels by increasing appropriations and amending estimated resources, if necessary.

FINDING NUMBER 2007-004

Material Weakness

Financial Reporting

We found the following errors requiring adjustment to the financial statements:

- We reclassified intergovernmental receipts and expenditures in the Community Development Grant Fund to properly record receipts which were posted as a reduction of expenditures instead of intergovernmental receipts in 2006 in the amount of $2,790.
- We adjusted intergovernmental receipts and capital outlay expenditures in the Capital Project Fund – Maple Street OPWC II Fund to correctly record Issue II Funds received during 2006 in the amount of $166,348.
- We adjusted personal property tax elimination from the General Fund to the Special Revenues Funds - Street Construction, Maintenance and Repair Fund and State Highway Fund to properly record receipts improperly posted during 2006 in the amount of $382 and $208, respectively.
- We adjusted gas tax receipts from the General Fund to the Special Revenue Funds – Street Construction, Maintenance and Repair Fund and State Highway Fund to properly record receipts improperly posted during 2007 in the amounts of $1,344 and $213, respectively.

Sound financial reporting is the responsibility of the Fiscal Officer and Village Council and is essential to ensure the information provided to the readers of the financial statements and accompanying notes is complete and accurate.

FINDING NUMBER 2007-004
(Continued)

To ensure the Village's financial statements and notes to the statements are complete and accurate, the Village should adopt policies and procedures, including a final review of the statements and notes by the Fiscal Officer and Council, to identify and correct errors and omissions, as well as recording correct budgetary information. Also, the Fiscal Officer can refer to the UAN accounting manual available from the following web address for guidance on the posting of transactions:
http://uanlink.auditor.state.oh.us/pdf/uan_win_software/AccountingManual.pdf.

Officials' Response:

We did not receive a response from Officials to the findings reported above.

Mary Taylor, CPA
Auditor of State

VILLAGE OF ELMORE

OTTAWA 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
AUGUST 26, 2008

88 E. Broad St. / Fourth Floor / Columbus, OH 43215-3506
Telephone: (614) 466-4514 (800) 282-0370 Fax: (614) 466-4490
www.auditor.state.oh.us