



Dave Yost • Auditor of State

VILLAGE OF ELDORADO
PREBLE COUNTY

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Village of Eldorado
Preble County
160 North Main Street
Eldorado, Ohio 45321

We have performed the procedures enumerated below, with which the Village Council and Mayor, and the management of Village of Eldorado (the Village) have agreed, solely to assist the Council and Mayor in evaluating receipts, disbursements and balances recorded in their cash-basis accounting records for the years ended December 31, 2016 and 2015, and certain compliance requirements related to these transactions and balances. Management is responsible for recording transactions; and management, the Mayor, and / or the Council are responsible for complying with the compliance requirements. This agreed-upon procedures engagement was conducted in accordance with the American Institute of Certified Public Accountants' attestation standards and applicable attestation engagement standards included in the Comptroller General of the United States' *Government Auditing Standards*. The sufficiency of the procedures is solely the responsibility of the parties specified in this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

This report only describes exceptions exceeding \$10.

Cash and Investments

1. We tested the mathematical accuracy of the December 31, 2016 and December 31, 2015 bank reconciliations. We found no exceptions.
2. We agreed the January 1, 2015 beginning fund balances recorded in the Fund Ledger Report to the December 31, 2014 balances in the prior year Fund Ledger Report in the prior year Agreed-Upon Procedures working papers. We found no exceptions. We also agreed the January 1, 2016 beginning fund balances recorded in the Fund Ledger Report to the December 31, 2015 balances in the Fund Ledger Report. We found no exceptions.
3. We agreed the totals per the bank reconciliations to the total of the December 31, 2016 and 2015 fund cash balances reported in the Fund Status Reports. The amounts agreed.
4. We confirmed the December 31, 2016 bank account balances with the Village's financial institutions. We found no exceptions.
5. We selected five reconciling debits (such as outstanding checks) haphazardly from the December 31, 2016 bank reconciliation:
 - a. We traced each debit to the subsequent January bank statement. We found no exceptions.
 - b. We traced the amounts and dates to the check register, to determine the debits were dated prior to December 31. We noted no exceptions.

6. We tested investments held at December 31, 2016 and December 31, 2015 to determine that they:
 - a. Were of a type authorized by Ohio Rev. Code Sections 135.13, 135.14 or 135.144. We found no exceptions.
 - b. Mature within the prescribed time limits noted in Ohio Rev. Code Section 135.13 or 135.14. We noted no exceptions.

Property Taxes, Intergovernmental and Other Confirmable Cash Receipts

1. We selected a property tax receipt from one *Statement of Semiannual Apportionment of Taxes* (the Statement) for 2016 and one from 2015:
 - a. We traced the gross receipts from the *Statement* to the amount recorded in the Receipt Register Report. The amounts agreed.
 - b. We determined whether the receipt was allocated to the proper funds as required by Ohio Rev. Code Sections 5705.05-.06 and 5705.10. We found no exceptions.
 - c. We determined whether the receipt was recorded in the proper year. The receipt was recorded in the proper year.
2. We scanned the Receipt Register Report to determine whether it included two real estate tax receipts for 2016 and 2015. We noted the Receipts Register Report included the proper number of tax receipts for each year.
3. We selected five receipts from the State Distribution Transaction Lists (DTL) from 2016 and five from 2015. We also selected five receipts from the Preble County Auditor's Expenditure Ledger from 2016 and five from 2015.
 - a. We compared the amount from the above reports to the amount recorded in the Receipt Register Report. The amounts agreed.
 - b. We determined whether these receipts were allocated to the proper funds. The Village incorrectly posted a portion (\$23.14) of the May 2016 monthly distribution from Preble County to the Street Construction Maintenance and Repair Fund, rather than the State Highway Fund. We found no other exceptions.
 - c. We determined whether the receipts were recorded in the proper year. We found no exceptions.

Water Operating, Sewer Operating, and Electric Operating Funds

1. We haphazardly selected 10 Water Operating, Sewer Operating, and Electric Operating Funds collection cash receipts from the year ended December 31, 2016 and 10 Water Operating, Sewer Operating, and Electric Operating collection cash receipts from the year ended 2015 recorded in the Receipt Register Report and determined whether the:
 - a. Receipt amount per the Receipt Register Report agreed to the amount recorded to the credit of the customer's account in the Utility Billing Trial Balance. The amounts agreed.
 - b. Amount charged for the related billing period:
 - i. Agreed with the debit to accounts receivable in the Utility Billing Trial Balance for the billing period. We found no exceptions.
 - ii. Complied with rates in force during the audit period multiplied by the consumption amount recorded for the billing period, plus any applicable late penalties, plus unpaid prior billings. We found no exceptions.
 - c. Receipt was posted to the proper funds, and was recorded in the year received. We found no exceptions.

2. We read the Utility Billing Delinquent Report.
 - a. We noted this report listed \$12,222.21 and \$12,689.44 of accounts receivable as of December 31, 2016 and 2015, respectively.
 - b. The Utility Billing Delinquent Report did not identify receivables that are more than 90 days delinquent.
3. We read the Utility Billing Trial Balance.
 - a. We noted this report listed a total of \$857.63 and \$(78,450.66) non-cash receipts adjustments for the years ended December 31, 2016 and 2015, respectively.
 - b. We selected five non-cash adjustments from 2016 and five non-cash adjustments from 2015, and noted that the Board of Public Affairs approved each adjustment.

Debt

1. From the prior agreed-upon procedures documentation, we noted the following bonds and loans outstanding as of December 31, 2014. These amounts agreed to the Villages January 1, 2015 balances on the summary we used in step 3.

Issue	Principal outstanding as of December 31, 2014:
OPWC Loan (3937)	\$190,586
1978 Sewer Revenue Bonds	\$54,000
OPWC CK22G	\$53,500
OPWC CK20Q	\$137,975

2. We inquired of management, and scanned the Receipt Register Report and Payment Register Detail Report for evidence of debt issued during 2016 or 2015 or debt payment activity during 2016 or 2015. All debt noted agreed to the summary we used in step 3.
3. We obtained a summary of bonds and loan debt activity for 2016 and 2015 and agreed principal and interest payments from the related debt amortization schedules to Water Operating Fund, Sewage Debt Fund, and Permissive Motor Vehicle License Tax Fund payments reported in the Payment Register Detail Report. We also compared the date the debt service payments were due to the date the Village made the payments. We found no exceptions.
4. We agreed the amount of debt proceeds from the debt documents to amounts recorded in the Other Capital Projects fund per the Receipt Register Report. The amounts agreed.
5. For new debt issued during 2016 and 2015, we inspected the debt legislation, noting the Village must use the proceeds for East Mill Street Reconstruction. We scanned the Payment Register Detail Report and noted the Village made payments for street reconstruction.

Payroll Cash Disbursements

1. We haphazardly selected one payroll check for five employees from 2016 and one payroll check for five employees from 2015 from the Employee Wage Detail Report and:
 - a. We compared the hours and pay rate, or salary recorded in the Employee Wage Detail Report to supporting documentation (timecard, legislatively or statutorily-approved rate or salary). We found no exceptions.
 - b. We determined whether the fund and account codes to which the check was posted were reasonable based on the employees' duties as documented in the employees' personnel files. We also determined whether the payment was posted to the proper year. We found no exceptions.

2. For any new employees selected in step 1 we determined whether the following information in the employees' personnel files and minute record was consistent with the information used to compute gross and net pay related to this check:
 - a. Name
 - b. Authorized salary or pay rate
 - c. Department and fund to which the check should be charged
 - d. Retirement system participation and payroll withholding
 - e. Federal, State & Local income tax withholding authorization and withholding
 - f. Any other deduction authorizations (deferred compensation, etc.)

We found no exceptions related to steps a. – f. above.

3. We scanned the last remittance of tax and retirement withholdings for the year ended December 31, 2016 to determine whether remittances were timely paid, and if the amounts paid agreed to the amounts withheld, plus the employer's share where applicable, during the final withholding period during 2016. We noted the following:

Withholding (plus employer share, where applicable)	Date Due	Date Paid	Amount Due	Amount Paid
Federal income taxes & Medicare (and social security, for employees not enrolled in pension system)	January 31, 2017	January 6, 2017	\$1,172.34	\$1,172.34
State income taxes	January 15, 2017	January 6, 2017	\$194.51	\$194.51
OPERS retirement	January 30, 2017	January 17, 2017	\$1,928.53	\$1,928.53
Ohio School District Income Tax	January 15, 2017	January 6, 2017	\$156.91	\$156.91

Non-Payroll Cash Disbursements

1. We haphazardly selected ten disbursements from the Payment Register Detail Report for the year ended December 31, 2016 and ten from the year ended 2015 and determined whether:
 - a. The disbursements were for a proper public purpose. We found no exceptions.
 - b. The check number, date, payee name and amount recorded on the returned, canceled check agreed to the check number, date, payee name and amount recorded in the Payment Register Detail Report and to the names and amounts on the supporting invoices. We found no exceptions.
 - c. The payment was posted to a fund consistent with the restricted purpose for which the fund's cash can be used. We found no exceptions.
 - d. The fiscal officer certified disbursements requiring certification or issued a *Then and Now Certificate*, as required by Ohio Rev. Code Section 5705.41(D). We found no exceptions.

Compliance – Budgetary

1. We compared the total estimated receipts from the *Amended Official Certificate of Estimated Resources*, required by Ohio Rev. Code Section 5705.36(A)(1), to the amounts recorded in the Revenue Status Report for the General, Street Construction and Maintenance Repair, and Electric Operating funds for the years ended December 31, 2016 and 2015. The amounts on the *Certificate* agreed to the amount recorded in the accounting system.
2. We scanned the appropriation measures adopted for 2016 and 2015 to determine whether, for the General, Street Construction and Maintenance Repair, and Electric Operating funds, the Council appropriated separately for “each office, department, and division, and within each, the amount appropriated for personal services,” as is required by Ohio Rev. Code Section 5705.38(C). We found no exceptions.
3. We compared total appropriations required by Ohio Rev. Code Sections 5705.38 and 5705.40, to the amounts recorded in the Appropriation Status Report for 2016 and 2015 for the following funds: General, Street Construction and Maintenance, and Electric Operating. The amounts on the appropriation resolutions agreed to the amounts recorded in the Appropriation Status report.
4. Ohio Rev. Code Sections 5705.36(A)(5) and 5705.39 prohibits appropriations from exceeding the certified resources. We compared total appropriations to total certified resources for the General, Street Construction and Maintenance, and Electric Operating funds for the years ended December 31, 2016 and 2015. We noted no funds for which appropriations exceeded certified resources.
5. Ohio Rev. Code Section 5705.41(B) prohibits expenditures (disbursements plus certified commitments) from exceeding appropriations. We compared total expenditures to total appropriations for the years ended December 31, 2016 and 2015 for the General, Street Construction and Maintenance, and Electric Operating funds, as recorded in the Appropriation Status Report. We noted no funds for which expenditures exceeded appropriations.
6. Ohio Rev. Code Section 5705.09 requires establishing separate funds to segregate externally-restricted resources. We scanned the Receipt Register Report for evidence of new restricted receipts requiring a new fund during December 31, 2016 and 2015. We also inquired of management regarding whether the Village received new restricted receipts. We noted no evidence of new restricted receipts for which Ohio Rev. Code Section 5705.09 would require the Village to establish a new fund.
7. We scanned the 2016 and 2015 Revenue Status Reports and Appropriation Status Reports for evidence of interfund transfers exceeding \$2,000 which Ohio Rev. Code Sections 5705.14 - .16 restrict. We found no evidence of transfers these Sections prohibit, or for which Section 5705.16 would require approval by the Tax Commissioner and Court of Common Pleas.
8. We inquired of management and scanned the Appropriation Status Reports to determine whether the Village elected to establish reserve accounts permitted by Ohio Rev. Code Section 5705.13. We noted the Village did not establish these reserves.
9. We scanned the Cash Summary by Fund Report for the years ended December 31, 2016 and 2015 for negative cash fund balance. Ohio Rev. Code Section 5705.10 (I) provides that money paid into a fund must be used for the purposes for which such fund is established. As a result, a negative fund cash balance indicates that money from one fund was used to cover the expenses of another. We noted no funds having negative cash fund balance.

Compliance – Contracts & Expenditures

We inquired of management and scanned the Payment Register Detail Report for the years ended December 31, 2016 and 2015 to determine if the Village proceeded by force account (i.e. used its own employees) to maintain or repair roads (cost of project exceeding \$30,000) or to construct or reconstruct Village roads (cost of project \$30,000/per mile) for which Ohio Rev. Code Sections 117.16(A) and 723.52 requires the Village engineer, or officer having a different title but the duties and functions of an engineer, to complete a force account project assessment form (i.e., cost estimate). We identified no projects requiring the completion of the force account assessment form.

Compliance – American Municipal Power Joint Venture Debt Covenant Requirements

The Village is a member of Ohio Municipal Electric Generation Agency Joint Venture 5 (OMEGA JV5). Section 17(A) of the Joint Venture Agreement requires the Village's Electric Utility receipts, as defined, to be at least 110% of its OMEGA JV5 operating & maintenance plus debt service charges, as defined.

Using information from the Village's unadjusted receipts and disbursements ledger, we calculated the cash basis debt coverage for its OMEGA JV5 for the years ended December 31, 2016 and 2015.

For the year ended December 31, 2016, the ratio of the Village's Electric Utility receipts to OMEGA JV5 debt service disbursements was 8.77, meeting the Village's debt covenant obligation of 1.10 times set forth in Section 17(A) of the Joint Venture Agreement.

For the year ended December 31, 2015, this ratio was 13.77, thus meeting the Village's debt covenant obligation.

Exhibit JV5 presents the supporting calculations.

Other Compliance

1. Ohio Rev. Code Section 117.38 requires villages to file their financial information in the HINKLE system formerly known as the Annual Financial Data Reporting System (AFDRS) within 60 days after the close of the fiscal year. We reviewed AFDRS to verify the Village filed their financial information within the allotted timeframe for the years ended December 31, 2016 and 2015. No exceptions noted.
2. We inquired of the fiscal officer and/or scanned the Fiscal Integrity Act Portal (<http://www.ohioauditor.gov/fiscalintegrity/default.html>) to determine whether the fiscal officer obtained the training required by Ohio Rev. Code Section 507.12 and 733.81. The Fiscal Officer obtained the required training.

We were not engaged to, and did not conduct an examination, the objective of which would be the expression of an opinion on the Village's receipts, disbursements, balances and compliance with certain laws and regulations. Accordingly, we do not express an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of management, those charged with governance, and others within the Village, and is not intended to be, and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

Columbus, Ohio

April 19, 2017

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AMP Ohio JV 5 Revenue Coverage Calculation
ELECTRIC FUND
VILLAGE OF ELDORADO
PREBLE COUNTY
Basis Of Accounting: Cash

Year 2016

Statement of Revenues, Expenses and Changes in Fund Balances-- Operating Fund

Operating Revenues

Charges for Services	\$ 438,146
Total Operating Revenues	\$ 438,146

Operating Expenses

Personal Services	\$ 40,748
Purchased Power AMP-Ohio (Including Gorsuch/JV5/JV2 Debt Service if recorded with Purch Pwr)	\$ 318,977
Materials & Supplies	\$ 22,241
Total Operating Expenses	\$ 381,966
Total Operating Income	\$ 56,180

Nonoperating Income/Expenses

Non Operating Income	\$ 693
Non Operating Expenses	\$ (1,405)
Net Nonoperating Revenue	\$ (712)

Transfers

Transfers - In	\$ -
Transfers - Out	\$ (16,816)
Net Transfers	\$ (16,816)

Fund Balance - January 1	\$ 168,916
Fund Balance - December 31	\$ 207,568

Calculation of Debt Coverage:

JV5

1	Operating Income (From Above)	\$ 56,180
2	Add back: JV5 Debt Service (If included above as Operating Expense)	\$ 7,411
3	JV2 Debt Service (If included above as Operating Expense)	\$ -
4	Other Electric System Debt Service (If included above as Operating Expense)	\$ -
5	Depreciation (GAAP) / Capital outlay (cash basis)	\$ 1,405
6	kWh Tax from General Fund Included in either Transfers In or Operating Income	\$ -
		\$ -
7	Adjusted Operating Income Available for Debt Service (L1+L2+L3+L4+L5+L6)	\$ 64,996
8	Debt: Omega JV5 Debt Service principal + interest	\$ 7,411
9	OMEGA JV2 Debt Service principal + interest	\$ -
10	Other Electric System Debt Service principal + interest	\$ -
		\$ -
11	Total Electric System Debt Service(L8+L9+L10)	\$ 7,411
12	Coverage (JV5 Covenants require 110% or 1.1 times coverage of all debt) (L7/L11)	8.7702

Note: The Fund Balance in a cash basis system is the Cash Balance.

1 Months Revenues (Average) [equals charges for services / 12]	\$ 36,512
Fund Balance	\$ 207,568
Months of Electric Fund Balance "in reserve" (i.e. on hand)	5.7

AMP Ohio JV 5 Revenue Coverage Calculation
ELECTRIC FUND
VILLAGE OF ELDORADO
PREBLE COUNTY
Basis Of Accounting: Cash

Year 2015

Statement of Revenues, Expenses and Changes in Fund Balances-- Operating Fund

Operating Revenues

Charges for Services		\$ 442,462
	Total Operating Revenues	\$ 442,462

Operating Expenses

Personal Services		\$ 34,423
Purchased Power AMP-Ohio (Including Gorsuch/JV5/JV2 Debt Service if recorded with Purch Pwr)		\$ 311,865
Materials & Supplies		\$ 14,036
	Total Operating Expenses	\$ 360,324
	Total Operating Income	\$ 82,138

Nonoperating Income/Expenses

Non Operating Income		\$ 7,497
Non Operating Expenses		\$ (8,069)
Net Nonoperating Revenue		\$ (572)

Transfers

Transfers - In		\$ -
Transfers - Out		\$ (17,628)
Net Transfers		\$ (17,628)

Fund Balance - January 1		\$ 104,978
Fund Balance - December 31		\$ 168,916

Calculation of Debt Coverage:

JV5

1	Operating Income (From Above)	\$ 82,138
2	Add back: JV5 Debt Service (If included above as Operating Expense)	\$ 7,065
3	JV2 Debt Service (If included above as Operating Expense)	\$ -
4	Other Electric System Debt Service (If included above as Operating Expense)	\$ -
5	Depreciation (GAAP) / Capital outlay (cash basis)	\$ 8,069
6	kWh Tax from General Fund Included in either Transfers In or Operating Income	\$ -
		\$ -
7	Adjusted Operating Income Available for Debt Service (L1+L2+L3+L4+L5+L6)	\$ 97,272
8	Debt: Omega JV5 Debt Service principal + interest	\$ 7,065
9	OMEGA JV2 Debt Service principal + interest	\$ -
10	Other Electric System Debt Service principal + interest	\$ -
		\$ -
11	Total Electric System Debt Service(L8+L9+L10)	\$ 7,065
12	Coverage (JV5 Covenants require 110% or 1.1 times coverage of all debt) (L7/L11)	13.7682

Note: The Fund Balance in a cash basis system is the Cash Balance.

1 Months Revenues (Average) [equals charges for services / 12]		\$ 36,872
Fund Balance		\$ 168,916
Months of Electric Fund Balance "in reserve" (i.e. on hand)		4.6



Dave Yost • Auditor of State

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 4, 2017