



OHIO AUDITOR OF STATE  
**KEITH FABER**





**VILLAGE OF ELIDA  
ALLEN COUNTY  
DECEMBER 31, 2018 AND 2017**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Auditor’s Report .....	1
Prepared by Management:	
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (RegulatoryCash Basis) - All Governmental Funds Types – For the Year Ended December 31, 2018.....	3
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) - All Proprietary and Fiduciary Fund Types – For the Year Ended December 31, 2018.....	4
Notes to the Financial Statements – For the Year Ended December 31, 2018.....	5
Combined Statement of Receipts, Disbursements and Changes in Fund Balances (Regulatory Cash Basis) - All Governmental Fund Types – For the Year Ended December 31, 2017.....	15
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Regulatory Cash Basis) All Proprietary and Fiduciary Fund Types – For the Year Ended December 31, 2017.....	16
Notes to the Financial Statements – For the Year Ended December 31, 2017.....	17
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	27
Schedule of Findings.....	29
Schedule of Prior Audit Findings.....	34

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# OHIO AUDITOR OF STATE KEITH FABER



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## INDEPENDENT AUDITOR'S REPORT

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

To the Members of Council:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the cash balances, receipts and disbursements by fund type, and related notes of the Village of Elida, Allen County, Ohio (the Village) as of and for the years ended December 31, 2018 and 2017.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

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

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

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

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

***Adverse Opinion on U.S. Generally Accepted Accounting Principles***

In our opinion, because of the significance of the matter discussed in the *Basis for Adverse Opinion on U.S. Generally Accepted Accounting Principles* paragraph, the financial statements referred to above do not present fairly, in accordance with accounting principles generally accepted in the United States of America, the financial position of the Village as of December 31, 2018 and 2017, and the respective changes in financial position thereof for the years then ended.

***Opinion on Regulatory Basis of Accounting***

In our opinion, the financial statements referred to above present fairly, in all material respects, the cash balances, receipts and disbursements by fund type, and related notes of the Village of Elida, Allen County as of December 31, 2018 and 2017, for the years then ended in accordance with the financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit, described in Note 2.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2019, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.



Keith Faber  
Auditor of State  
Columbus, Ohio

December 16, 2019

**Village of Elida, Ohio**  
*Allen County*  
*Combined Statement of Receipts, Disbursements*  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
*All Governmental Fund Types*  
*For the Year Ended December 31, 2018*

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$61,713	\$0	\$0	\$61,713
Municipal Income Tax	516,178	0	0	516,178
Intergovernmental	55,185	130,081	66,000	251,266
Fines, Licenses and Permits	15,889	0	0	15,889
Earnings on Investments	2,356	0	0	2,356
Miscellaneous	31,814	6,088	0	37,902
<i>Total Cash Receipts</i>	<u>683,135</u>	<u>136,169</u>	<u>66,000</u>	<u>885,304</u>
<b>Cash Disbursements</b>				
Current:				
Security of Persons and Property	205,532	0	0	205,532
Public Health Services	6,086	0	0	6,086
Transportation	31,096	129,538	0	160,634
General Government	227,867	0	70,306	298,173
Capital Outlay	14,080	110,657	66,000	190,737
Debt Service:				
Principal Retirement	66,664	14,375	0	81,039
Interest and Fiscal Charges	13,037	1,935	0	14,972
<i>Total Cash Disbursements</i>	<u>564,362</u>	<u>256,505</u>	<u>136,306</u>	<u>957,173</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>118,773</u>	<u>(120,336)</u>	<u>(70,306)</u>	<u>(71,869)</u>
<b>Other Financing Receipts (Disbursements)</b>				
Transfers In	0	135,000	0	135,000
Transfers Out	(135,000)	0	0	(135,000)
<i>Net Change in Fund Cash Balances</i>	(16,227)	14,664	(70,306)	(71,869)
<i>Fund Cash Balances, January 1</i>	<u>486,860</u>	<u>70,160</u>	<u>70,306</u>	<u>627,326</u>
<b>Fund Cash Balances, December 31</b>				
Restricted	0	84,824	0	84,824
Assigned	470,633	0	0	470,633
<i>Fund Cash Balances, December 31</i>	<u><u>\$470,633</u></u>	<u><u>\$84,824</u></u>	<u><u>\$0</u></u>	<u><u>\$555,457</u></u>

See accompanying notes to the basic financial statements

**Village of Elida, Ohio**  
*Allen County*  
*Combined Statement of Receipts, Disbursements*  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
*All Proprietary and Fiduciary Fund Types*  
*For the Year Ended December 31, 2018*

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise	Agency	(Memorandum Only)
<b>Operating Cash Receipts</b>			
Charges for Services	\$1,937,600	\$0	\$1,937,600
Fines, Licenses and Permits	0	19,175	19,175
<i>Total Operating Cash Receipts</i>	<u>1,937,600</u>	<u>19,175</u>	<u>1,956,775</u>
<b>Operating Cash Disbursements</b>			
Personal Services	237,365	0	237,365
Employee Fringe Benefits	106,137	0	106,137
Contractual Services	672,677	0	672,677
Supplies and Materials	260,957	0	260,957
Other	58,674	17,770	76,444
<i>Total Operating Cash Disbursements</i>	<u>1,335,810</u>	<u>17,770</u>	<u>1,353,580</u>
<i>Operating Income (Loss)</i>	<u>601,790</u>	<u>1,405</u>	<u>603,195</u>
<b>Non-Operating Receipts (Disbursements)</b>			
Miscellaneous Receipts	6,652	0	6,652
Capital Outlay	(56,690)	0	(56,690)
Principal Retirement	(292,414)	0	(292,414)
Interest and Other Fiscal Charges	(66,562)	0	(66,562)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(409,014)</u>	<u>0</u>	<u>(409,014)</u>
<i>Net Change in Fund Cash Balances</i>	192,776	1,405	194,181
<i>Fund Cash Balances, January 1</i>	<u>1,408,938</u>	<u>220</u>	<u>1,409,158</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$1,601,714</u></u>	<u><u>\$1,625</u></u>	<u><u>\$1,603,339</u></u>

*See accompanying notes to the basic financial statements*



**Village of Elida, Ohio**  
*Allen County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**Note 1 - Reporting Entity**

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

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

**Note 2 - Summary of Significant Accounting Policies**

***Basis of Presentation***

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

***Fund Accounting***

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

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

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

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

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

***Town Hall Capital Improvement*** - The Town Hall Capital Improvement fund accounts for and reports proceeds of general obligation bonds. The proceeds are restricted for construction and furnishing of a new town hall.

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

**Village of Elida, Ohio**  
*Allen County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**Enterprise Funds** These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Village had the following significant Enterprise Funds:

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

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

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

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

***Basis of Accounting***

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

***Budgetary Process***

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

**Village of Elida, Ohio**  
*Allen County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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***Appropriations***

A temporary appropriation measure to control cash disbursements may be passed on or about January 1 of each year for the period January to March 31. An annual appropriation measure must be passed by April 1 of each year for the period January 1 to December 31. The appropriations measure may be amended or supplemented during the year as new information becomes available. Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund level of control. Unencumbered appropriations lapse at year end. Appropriations may not exceed estimated resources.

***Estimated Resources***

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

***Encumbrances***

As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve the portion of the applicable appropriation. At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be reappropriated.

A summary of 2018 budgetary activity appears in Note 4.

***Deposits***

Interest income earned and received by the Village totaled \$2,356 for the year ended December 31, 2018. The Village maintained all money in checking and savings accounts.

***Capital Assets***

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

**Village of Elida, Ohio**  
*Allen County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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***Accumulated Leave***

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

***Fund Balance***

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

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

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

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

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

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

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

**Note 3 – Compliance**

Ohio Revised Code Section 5705.10(D) was violated when some motor vehicle license tax money was recorded in the General Fund instead of being allocated to the Street Construction and Maintenance Fund and the State Highway Fund.

**Village of Elida, Ohio**  
*Allen County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

**Note 4 - Budgetary Activity**

Budgetary activity for the year ending 2018 follows:

2018 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,258,450	\$683,135	(\$575,315)
Special Revenue	395,336	271,169	(124,167)
Capital Projects	2,500,000	66,000	(2,434,000)
Enterprise	3,023,750	1,944,252	(1,079,498)
Total	\$7,177,536	\$2,964,556	(\$4,212,980)
General	\$1,747,453	\$701,327	\$1,046,126
Special Revenue	418,022	257,230	160,792
Capital Projects	570,306	136,306	434,000
Enterprise	4,432,688	1,753,692	2,678,996
Total	\$7,168,469	\$2,848,555	\$4,319,914

**Note 5 – Deposits**

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

Demand deposits	\$2,046,455
Savings	112,341
Total deposits	\$2,158,796

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

**Note 6 – Taxes**

***Property Taxes***

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

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

**Village of Elida, Ohio**  
*Allen County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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***Income Taxes***

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

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

**Note 7 - Risk Management**

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

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

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2018, the OPRM the property retention remained unchanged, however, the Plan assumed 100% of the first \$250,000 casualty treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 774 members as of December 31, 2018.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2018.

Assets	\$15,065,412
Liabilities	<u>(10,734,623)</u>
Members' Equity	<u>\$ 4,330,789</u>

You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

**Village of Elida, Ohio**  
*Allen County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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***Commercial Insurance***

The Village has obtained commercial insurance for the following risks:

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

**Note 8 - Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10%, of their gross salaries and the Village contributed an amount equaling 14%, of participants' gross salaries. The Village has paid all contributions required through December 31, 2018.

***Ohio Police and Fire Retirement System***

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

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. The Village has paid all contributions required through December 31, 2018.

**Note 9 - Postemployment Benefits**

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. OPERS contributes 2 percent of the employer contribution to fund these benefits, and OP&F contributes 0.5 percent to fund these benefits.

Beginning January 1, 2019, OP&F is changing its retiree health care model and the current self-insured health care plan will no longer be offered. In its place is a stipend-based health care model. A stipend funded by OP&F will be placed in individual Health Reimbursement Accounts that retirees will use to be reimbursed for health care expenses.

**Village of Elida, Ohio**  
*Allen County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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**Note 10 – Debt**

Debt outstanding at December 31, 2018 was as follows:

	Principal	Interest Rate
2011 Ohio Water Development Authority (OWDA) water supply loan	\$808,004	3.20%
2016 OWDA Waste Water Treatment Improvement loan.	\$2,443,260	0.00%
2010 Ohio Public Works Commission (OPWC) for the reconstruction of Main Street	\$313,333	0.00%
2010 Ohio Public Works Commission (OPWC) for the reconstruction of Main Street	\$237,769	0.00%
2014 Elida Schools - Annexation Agreement.	\$154,281	0.00%
2016 First Federal SR 309 Waterline Project loan.	\$289,924	2.50%
2015 KS State Bank loan for a Mack Dump Truck.	\$28,202	2.54%
2016 First Federal loan for a Vactor Truck.	\$240,972	2.85%
2017 Ottoville Bank general obligation loan for New Town Hall.	\$1,042,353	3.65%
Total	\$5,558,098	

2011 Ohio Water Development Authority (OWDA) water supply loan relating to the construction of an elevated water tower. Due in semiannual installments of varying amounts through 2030 at an interest rate of 3.2%.

2016 Ohio Water Development Authority OWDA Waste Water Treatment Improvement loan. No payments have been made to date at an interest rate of 0%.

2010 Ohio Public Works Commission (OPWC) for the reconstruction of Main Street Phase I. Payments are due in semiannual installments of \$6,667 through 2042 at an interest rate of 0%.

2010 Ohio Public Works Commission (OPWC) for the reconstruction of Main Street Phase II. Payments are due in semiannual installments of \$4755.39 through 2043 at an interest rate of 0%.

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

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

2015 KS State Bank loan for a Mack Dump Truck. Payments are due in annual installments of \$28,917.97 at an interest rate of 2.6%

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

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



**Village of Elida, Ohio**  
*Allen County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2018*

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***Amortization***

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

Year ending December 31:	<u>Loans</u>	<u>OWDA</u>	<u>Bonds</u>
2019	\$171,610	\$212,098	\$77,997
2020	142,692	212,211	77,997
2021	142,692	212,328	77,997
2022	142,692	212,449	77,997
2023	142,692	212,573	77,997
2024-2028	250,479	1,064,882	389,983
2029-2033	114,221	823,181	389,983
2034-2038	114,221	462,238	272,988
2039-2043	94,220		
Total	<u>\$1,315,519</u>	<u>\$3,411,960</u>	<u>\$1,442,939</u>

**Note 11 – Contingent Liabilities**

The Village is not currently involved in litigation.

**Note 12 – Transfers**

Transfers in the amount of \$135,000 were made from the General Fund to the Street Construction Maintenance and Repair Fund to cover costs.

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**Village of Elida, Ohio**  
*Allen County*  
*Combined Statement of Receipts, Disbursements*  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
*All Governmental Fund Types*  
*For the Year Ended December 31, 2017*

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
<b>Cash Receipts</b>				
Property and Other Local Taxes	\$60,965	\$0	\$0	\$60,965
Municipal Income Tax	501,833	0	0	501,833
Intergovernmental	51,388	123,286	16,000	190,674
Fines, Licenses and Permits	27,009	0	0	27,009
Earnings on Investments	877	0	0	877
Miscellaneous	5,652	4,747	0	10,399
<i>Total Cash Receipts</i>	<u>647,724</u>	<u>128,033</u>	<u>16,000</u>	<u>791,757</u>
<b>Cash Disbursements</b>				
Current:				
Security of Persons and Property	191,606	0	0	191,606
Public Health Services	7,024	0	0	7,024
Transportation	15,137	132,289	0	147,426
General Government	203,120	0	1,029,694	1,232,814
Capital Outlay	10,738	26,770	16,000	53,508
Debt Service:				
Principal Retirement	59,954	13,997	0	73,951
Interest and Fiscal Charges	6,748	2,313	0	9,061
<i>Total Cash Disbursements</i>	<u>494,327</u>	<u>175,369</u>	<u>1,045,694</u>	<u>1,715,390</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>153,397</u>	<u>(47,336)</u>	<u>(1,029,694)</u>	<u>(923,633)</u>
<b>Other Financing Receipts (Disbursements)</b>				
Sale of Bonds	0	0	1,100,000	1,100,000
Transfers In	0	70,000	0	70,000
Transfers Out	(70,000)	0	0	(70,000)
Other Financing Uses	(85)	0	0	(85)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(70,085)</u>	<u>70,000</u>	<u>1,100,000</u>	<u>1,099,915</u>
<i>Net Change in Fund Cash Balances</i>	83,312	22,664	70,306	176,282
<i>Fund Cash Balances, January 1</i>	<u>403,548</u>	<u>47,496</u>	<u>          </u>	<u>451,044</u>
<b>Fund Cash Balances, December 31</b>				
Restricted	0	70,160	70,306	140,466
Assigned	486,860	0	0	486,860
<i>Fund Cash Balances, December 31</i>	<u>\$486,860</u>	<u>\$70,160</u>	<u>\$70,306</u>	<u>\$627,326</u>

*See accompanying notes to the basic financial statements*

**Village of Elida, Ohio**  
*Allen County*  
**Combined Statement of Receipts, Disbursements**  
*and Changes in Fund Balances (Regulatory Cash Basis)*  
**All Proprietary and Fiduciary Fund Types**  
*For the Year Ended December 31, 2017*

	Proprietary Fund Types		Totals
	Enterprise	Agency	(Memorandum Only)
<b>Operating Cash Receipts</b>			
Charges for Services	\$1,803,919	\$0	\$1,803,919
Fines, Licenses and Permits	\$0	\$14,069	14,069
<i>Total Operating Cash Receipts</i>	<u>1,803,919</u>	<u>14,069</u>	<u>1,817,988</u>
<b>Operating Cash Disbursements</b>			
Personal Services	221,894	0	221,894
Employee Fringe Benefits	94,093	0	94,093
Contractual Services	643,439	0	643,439
Supplies and Materials	106,307	0	106,307
Other	17,166	16,733	33,899
<i>Total Operating Cash Disbursements</i>	<u>1,082,899</u>	<u>16,733</u>	<u>1,099,632</u>
<i>Operating Income (Loss)</i>	<u>721,020</u>	<u>(2,664)</u>	<u>718,356</u>
<b>Non-Operating Receipts (Disbursements)</b>			
Other Debt Proceeds	115,169	0	115,169
Miscellaneous Receipts	5,365	0	5,365
Capital Outlay	(188,729)	0	(188,729)
Principal Retirement	(275,312)	0	(275,312)
Interest and Other Fiscal Charges	(58,851)	0	(58,851)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(402,358)</u>	<u>0</u>	<u>(402,358)</u>
<i>Income (Loss) before Capital Contributions, Special Item, Extraordinary Item, Transfers and Advances</i>	318,662	(2,664)	315,998
Transfers In	147,157	0	147,157
Transfers Out	(147,157)	0	(147,157)
<i>Net Change in Fund Cash Balances</i>	318,662	(2,664)	315,998
<i>Fund Cash Balances, January 1</i>	<u>1,090,276</u>	<u>2,884</u>	<u>1,093,160</u>
<i>Fund Cash Balances, December 31</i>	<u><u>\$1,408,938</u></u>	<u><u>\$220</u></u>	<u><u>\$1,409,158</u></u>

See accompanying notes to the basic financial statements

**Village of Elida, Ohio**  
*Allen County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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**Note 1 - Reporting Entity**

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

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

**Note 2 - Summary of Significant Accounting Policies**

***Basis of Presentation***

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

***Fund Accounting***

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

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

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

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

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

***Town Hall Capital Improvement Fund*** – This fund accounts for and reports proceeds of general obligation bonds. The proceeds are restricted for construction and furnishing of a new town hall.

**Village of Elida, Ohio**  
*Allen County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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**Enterprise Funds** These funds account for operations that are similar to private business enterprises, where management intends to recover the significant costs of providing certain goods or services through user charges. The Village had the following significant Enterprise Funds:

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

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

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

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

***Basis of Accounting***

These financial statements follow the accounting basis permitted by the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D). This basis is similar to the cash receipts and disbursements accounting basis. The Board recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as the financial reporting provisions of Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03 (D) permit.

***Budgetary Process***

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

**Village of Elida, Ohio**  
*Allen County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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***Appropriations***

A temporary appropriation measure to control cash disbursements may be passed on or about January 1 of each year for the period January to March 31. An annual appropriation measure must be passed by April 1 of each year for the period January 1 to December 31. The appropriations measure may be amended or supplemented during the year as new information becomes available. Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, object, department level of control. Unencumbered appropriations lapse at year end. Appropriations may not exceed estimated resources.

***Estimated Resources***

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

***Encumbrances***

As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve the portion of the applicable appropriation. At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be reappropriated.

A summary of 2017 budgetary activity appears in Note 3

***Deposits***

The Village maintained all money in checking and savings accounts. Interest income earned and received by the Village totaled \$877.31 for the year ended December 31, 2017.

***Capital Assets***

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

**Village of Elida, Ohio**  
*Allen County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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***Accumulated Leave***

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

***Fund Balance***

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

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

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

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

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

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

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

**Note 3 - Budgetary Activity**

Budgetary activity for the year ending 2017 follows:



**Village of Elida, Ohio**  
*Allen County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

2017 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$1,225,000	\$647,724	(\$577,276)
Special Revenue	225,825	198,033	(27,792)
Capital Improvement	1,200,000	1,116,000	(84,000)
Enterprise	2,354,651	2,071,610	(283,041)
Total	\$5,005,476	\$4,033,367	(\$972,109)

2017 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$1,628,548	\$564,412	\$1,064,136
Special Revenue	273,321	175,369	97,952
Capital Projects	1,200,000	1,045,694	154,306
Enterprise	3,440,700	1,895,393	1,545,307
Total	\$6,542,569	\$3,680,868	\$2,861,701

**Note 4 – Deposits**

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

Demand deposits	\$1,924,177
Savings	112,307
Total deposits	\$2,036,484

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

**Note 5 – Taxes**

***Property Taxes***

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

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

**Village of Elida, Ohio**  
*Allen County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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***Income Taxes***

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

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

**Note 6 - Risk Management**

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

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

OPRM coverage programs are developed specific to each member's risk management needs and the related premiums for coverage are determined through the application of uniform underwriting criteria addressing the member's exposure to loss. Effective November 1, 2016, the OPRM retained 50% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Effective November 1, 2017, the OPRM retained 47% of the premium and losses on the first \$250,000 casualty treaty and 30% of the first \$1,000,000 property treaty. Members are only responsible for their self-retention (deductible) amounts, which vary from member to member. OPRM had 764 members as of December 31, 2017.

*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.

The Pool's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and equity at December 31, 2017.

Assets	\$14,853,620
Liabilities	<u>(9,561,108)</u>
Members' Equity	<u>\$ 5,292,512</u>

**Village of Elida, Ohio**  
*Allen County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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You can read the complete audited financial statements for OPRM at the Plan's website, [www.ohioplan.org](http://www.ohioplan.org).

***Commercial Insurance***

The Village has obtained commercial insurance for the following risks:

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

**Note 7 - Defined Benefit Pension Plans**

***Ohio Public Employees Retirement System***

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

The Ohio Revised Code also prescribes contribution rates. OPERS members contributed 10%, of their gross salaries and the Village contributed an amount equaling 14%, of participants' gross salaries. The Village has paid all contributions required through December 31, 2017.

***Ohio Police and Fire Retirement System***

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

The Ohio Revised Code also prescribes contribution rates. OP&F participants contributed 12.25% of their wages. The Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. The Village has paid all contributions required through December 31, 2017.

**Note 8 - Postemployment Benefits**

Both OPERS and OP&F offer cost-sharing, multiple-employer defined benefit postemployment plans, which include multiple health care plans including medical coverage, prescription drug coverage, deposits to a Health Reimbursement Arrangement and Medicare Part B premium reimbursements, to qualifying benefit recipients. OPERS contributes 2 percent of the employer contribution to fund these benefits, and OP&F contributes 0.5 percent to fund these benefits.

**Village of Elida, Ohio**  
*Allen County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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**Note 9 – Debt**

Debt outstanding at December 31, 2017 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
2011 Ohio Water Development Authority (OWDA) water supply loan	\$862,455	3.20%
2016 OWDA Waste Water Treatment Improvement loan.	\$2,568,721	0.00%
2010 Ohio Public Works Commission (OPWC) for the reconstruction of Main Street	\$326,667	0.00%
2010 Ohio Public Works Commission (OPWC) for the reconstruction of Main Street	\$247,280	0.00%
2014 Elida Schools - Annexation Agreement.	\$185,138	0.00%
2016 First Federal SR 309 Waterline Project loan.	\$333,908	2.50%
2015 KS State Bank loan for a Mack Dump Truck.	\$55,705	2.54%
2016 First Federal loan for a Vactor Truck.	\$270,439	2.85%
2017 Ottoville Bank general obligation loan for New Town Hall.	\$1,081,242	3.65%
Total	<u>\$5,931,555</u>	

2011 Ohio Water Development Authority (OWDA) water supply loan relating to the construction of an elevated water tower. Due in semiannual installments of varying amounts through 2030 at an interest rate of 3.2%.

2016 Ohio Water Development Authority OWDA Waste Water Treatment Improvement loan. No payments have been made to date at an interest rate of 0%.

2010 Ohio Public Works Commission (OPWC) for the reconstruction of Main Street Phase I. Payments are due in semiannual installments of \$6,667 through 2042 at an interest rate of 0%.

2010 Ohio Public Works Commission (OPWC) for the reconstruction of Main Street Phase II. Payments are due in semiannual installments of \$4755.39 through 2043 at an interest rate of 0%.

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

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

2015 KS State Bank loan for a Mack Dump Truck. Payments are due in annual installments of \$28,917.97 at an interest rate of 2.54%

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

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

**Village of Elida, Ohio**  
*Allen County*  
*Notes to the Financial Statements*  
*For the Year Ended December 31, 2017*

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***Amortization***

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

Year ending December 31:	<u>Loans</u>	<u>OWDA</u>	<u>Bonds</u>
2018	\$171,610	\$205,381	\$77,997
2019	171,610	212,098	77,997
2020	142,692	212,211	77,997
2021	142,692	212,328	77,997
2022	142,692	212,449	77,997
2023-2027	370,328	1,064,196	389,983
2028-2032	114,221	904,372	389,983
2033-2037	114,221	594,307	350,985
2038-2042	107,554		
2043	9,511		
Total	<u>\$1,487,131</u>	<u>\$3,617,342</u>	<u>\$1,520,936</u>

**Note 10 – Contingent Liabilities**

The Village is not currently involved in litigation.

**Note 11 – Transfers**

Transfers in the amount of \$120,100 were made from the Water Operating Fund to the Water Debt Service Fund for debt obligations. Transfers in the amount of \$27,057 were made from the Sewer Operating Fund to the Sewer Debt Service Fund for debt obligations.

**Note 12 – Restatement of Fund Balance**

The December 31, 2016 fund balance for the Mayor’s Court Agency Fund was restated from \$0 to \$2,884 to properly reflect the carrying value of the Fund.

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# OHIO AUDITOR OF STATE KEITH FABER



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

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

To the Members of Council:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the cash balances, receipts, and disbursements by fund type of the Village of Elida, Allen County, (the Village) as of and for the years ended December 31, 2018 and 2017, and the related notes to the financial statements and have issued our report thereon dated December 16, 2019 wherein we noted the Village followed financial reporting provisions Ohio Revised Code Section 117.38 and Ohio Administrative Code Section 117-2-03(D) permit.

### ***Internal Control Over Financial Reporting***

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a material weakness. We consider finding 2018-001 to be a material weakness.

***Compliance and Other Matters***

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2018-002 and 2018-003.

***Village's Response to Findings***

The Village's responses to findings 2018-002 and 2018-003 identified in our audit are described in the accompanying schedule of findings. We did not subject the Village's responses to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

***Purpose of this Report***

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



Keith Faber  
Auditor of State  
Columbus, Ohio

December 16, 2019



VILLAGE OF ELIDA  
ALLEN COUNTY

SCHEDULE OF FINDINGS  
DECEMBER 31, 2018 AND 2017

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

FINDING NUMBER 2018-001

**Material Weakness - Accuracy of Financial Reporting and Monitoring of Financial Activity**

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

The following errors were identified in December 31, 2018 financial statements:

- Mayor's Court State and City Costs were improperly recorded in the General Fund as fines, licenses, and permits receipts and general government disbursements in the amount of \$6,084; this activity was removed from the General Fund financial statements;
- Debt payments were recorded as other financing uses disbursements in the General Fund in the amount of \$30,856, rather than as principal retirement disbursements;
- Debt payments were recorded as interest and fiscal charges disbursements in the General Fund in the amount of \$223, rather than as principal retirement disbursements;
- Subsequent year appropriations in the General Fund exceeded estimated receipts by \$470,633 and were classified as unassigned fund balance instead of assigned fund balance. Governmental Accounting Standards Board (GASB) Statement No. 54, paragraph 16 (GASB Codification 1800.176) – *Fund Balance Reporting and Governmental Fund Type Definitions*, states an appropriation of existing fund balance to eliminate a projected budgetary deficit in the subsequent year's budget in an amount no greater than the projected excess of expected expenditures over expected revenues satisfies the criteria to be classified as an assignment of fund balance;
- Debt payments were recorded as capital outlay disbursements in the Street Construction Maintenance and Repair Fund in the amount of \$16,310, rather than as \$14,375 in principal retirement disbursements and \$1,935 in interest and fiscal charges disbursements;
- Activity related to Greenlawn Street Construction was recorded in the Town Hall Capital Improvement Fund instead of the Greenlawn Street Construction Fund. This resulted in adjustments to record \$82,000 in intergovernmental receipts and \$82,000 in capital outlay disbursements in the Greenlawn Street Construction Fund and remove this activity from the Town Hall Capital Improvement Fund;
- Greenlawn Street Construction on-behalf activity in the amount of \$16,000 was posted in 2018 instead of 2017 which is when the payments were made by OPWC on behalf of the Village. This resulted in adjustments to remove the recording of \$16,000 in intergovernmental receipts and \$16,000 in capital outlay disbursements for 2018 in the Greenlawn Reconstruction Fund;
- Transfers in receipts in the amount of \$474,000 and transfers out disbursements in the amount of \$474,000 were presented on the financial statements; however, the transfers were from the Income Tax Fund to the General Fund and both funds roll into the General Fund for financial statement purposes, so this activity was removed from the financial statements;
- Debt payments were recorded as interest and other fiscal charges disbursements in the Water Operating Fund in the amount of \$314, rather than as principal retirement disbursements;
- Debt payments were recorded as interest and other fiscal charges disbursements in the Sewer Operating Fund in the amount of \$223, rather than as principal retirement disbursements;

**FINDING NUMBER 2018-001  
(Continued)**

- Debt payments were recorded as capital outlay disbursements in the Water Operating Fund, Sewer Operating Fund, and Refuse Operating Fund in the amounts of \$12,392, \$23,481, and \$13,696, respectively, rather than as principal retirement disbursements in the amounts of \$10,648, \$19,488, and \$12,457, respectively, and interest and other fiscal charges disbursements in the amounts of \$1,744, \$3,993, and \$1,239, respectively; and
- Activity related to the Mayor's Court was not recorded within the Mayor's Court Agency Fund. This resulted in adjustments to record \$19,175 in fines, licenses and permits receipts, \$17,770 in other operating cash disbursements, an opening fund balance of \$220, and an ending fund balance of \$1,625;

The following errors were identified in December 31, 2017 financial statements:

- Ordinance 1082-2015 authorized the Village income tax to provide funds for the purpose of general municipal operations, maintenance, new equipment, extension and enlargement of municipal services and facilities, and capital improvements of the Village. Per Governmental Accounting Standards Board (GASB) Statement No. 54, paragraph 30 (GASB Codification 1300.105), special revenue funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. GASB Statement No. 54, paragraph 29 (GASB Codification 1300.104), states the general fund is used to account for and report all financial resources not accounted for and reported in another fund. Since the income tax use is not restricted, it should be accounted for in the General Fund. Activity related to the Village Income Tax Fund was reported on the financial statements as a Special Revenue Fund instead of being rolled into the General Fund. This resulted in adjustments to record municipal income tax receipts of \$501,833, general government disbursements of \$48,898, transfers out of \$385,000, the January 1 fund balances of \$358,225 and the December 31 fund balance of \$426,160 in the General Fund and to remove this activity from the Special Revenue Fund Type;
- Mayor's Court State and City Costs were improperly recorded in the General Fund as fines, licenses, and permits receipts and general government disbursements in the amount of \$5,675; this activity was removed from the General Fund financial statements;
- Debt payments were recorded as other financing uses disbursements in the General Fund in the amount of \$53,700, rather than as principal retirement disbursements;
- Transfers in receipts in the amount of \$385,000 and transfers out disbursements in the amount of \$385,000 were presented on the financial statements; however, the transfers were from the Income Tax Fund to the General Fund and both funds roll into the General Fund for financial statement purposes, so this activity was removed from the financial statements;
- Subsequent year appropriations in the General Fund exceeded estimated receipts by \$60,700 and was classified as unassigned fund balance instead of assigned fund balance. Governmental Accounting Standards Board (GASB) Statement No. 54, paragraph 16 (GASB Codification 1800.176) – *Fund Balance Reporting and Governmental Fund Type Definitions*, states an appropriation of existing fund balance to eliminate a projected budgetary deficit in the subsequent year's budget in an amount no greater than the projected excess of expected expenditures over expected revenues satisfies the criteria to be classified as an assignment of fund balance;
- Debt payments were recorded as capital outlay disbursements in the Street Construction Maintenance and Repair Fund in the amount of \$16,310, rather than as \$13,997 in principal retirement disbursements and \$2,313 in interest and fiscal charges disbursements;
- Receipts for a state grant were recorded as miscellaneous receipts in the Street Construction Maintenance and Repair Fund in the amount of \$19,400, rather than as intergovernmental receipts;
- Debt proceeds were recorded as other financing sources receipts in the Town Hall Capital Improvement Fund, in the amount of \$1,100,000, rather than as Sale of Bonds receipts;

**FINDING NUMBER 2018-001  
(Continued)**

- Greenlawn Street Construction on-behalf activity in the amount of \$16,000 was posted in 2018 instead of 2017 which is when the payments were made by OPWC on behalf of the Village. This resulted in adjustments to record \$16,000 in intergovernmental receipts and \$16,000 in capital outlay disbursements for 2017 in the Greenlawn Reconstruction Fund;
- Debt proceeds were recorded as other financing sources receipts in the Wastewater Treatment Fund, in the amount of \$115,169, rather than as other debt proceeds receipts;
- Debt payments were recorded as capital outlay disbursements in the Water Operating Fund, Sewer Operating Fund, and Refuse Operating Fund in the amounts of \$12,392, \$23,481, and \$13,696, respectively, rather than as principal retirement disbursements in the amounts of \$10,364, \$18,953, and \$12,138, respectively, and interest and other fiscal charges disbursements in the amounts of \$2,028, \$4,528, and \$1,558, respectively;
- Debt payments were recorded as interest and other fiscal charges disbursements in the Water Debt Service Fund in the amount of \$1,060, rather than as principal retirement disbursements;
- Debt payments were recorded as capital outlay disbursements in the Wastewater Treatment Plant Fund in the amount of \$3,565, rather than as principal retirement disbursements; and,
- Activity related to the Mayor's Court was not recorded within the Mayor's Court Agency Fund. This resulted in adjustments to record \$14,069 in fines, licenses and permits receipts, \$16,733 in other operating cash disbursements, an opening fund balance of \$2,884, and an ending fund balance of \$220;

The 2018 and 2017 notes to the financial statements also had errors such as, but not limited to, errors in the budgetary notes and the debt amortization tables.

The accompanying financial statements and notes to the financial statements have been adjusted to correct these recording errors.

Other recording errors that were not material to the financial statements were identified but not adjusted in the accompanying financial statements. These errors ranged in amounts from \$1,460 to \$11,861.

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

During 2018 and 2017, there was only written evidence that the Council was presented with the Payment Listing Report and Mayor's Court Fines and Fees report from the accounting system. Council also did not receive monthly bank reconciliations. During 2017 the board did not receive the Mayor's Court Fines and Fees report for June or October and during 2018, the board did not receive the Mayor's Court Fines and Fees report for July. Council's failure to review detailed financial reports may have contributed to the financial reporting errors identified above not being detected.

**FINDING NUMBER 2018-001  
(Continued)**

The errors identified above should be reviewed by the Fiscal Officer to help ensure that similar errors do not occur in subsequent years. In addition to the reports provided, the Fiscal Officer should provide Council with detailed financial reports that show budgeted versus actual receipts and disbursements at the legal level of control along with the monthly bank to book reconciliations. In addition, the Fiscal Officer should review the Ohio Village Officer's Handbook – Appendix A-2, Auditor of State Bulletins and other resources available for guidance at <https://ohioauditor.gov/> in an effort to correctly classify receipts, expenditures, and fund balances.

**OFFICIALS' RESPONSE:** We did not receive a response from Officials to this finding.

**FINDING NUMBER 2018-002**

**Noncompliance Citation**

**Ohio Rev. Code § 5705.10(D)** states, in part, all revenue derived from a source other than the general property tax and which the law prescribes shall be used for a particular purpose, shall be paid into a special fund for such purpose. **Ohio Rev. Code § 5735.28** states, in part, wherever a municipal corporation is on the line of the state highway system as designated by the director of transportation as an extension or continuance of the state highway system, seven and one-half per cent of the amount paid to any municipal corporation pursuant to sections [4501.04](#) and [5735.27](#) of the Revised Code shall be used by it only to construct, reconstruct, repave, widen, maintain, and repair such highways, to purchase, erect, and maintain traffic lights and signals, and to erect and maintain street and traffic signs and markers on such highways, or to pay principal, interest, and charges on bonds and other obligations issued pursuant to Chapter 133.

In 2017, motor vehicle license tax money in the amount of \$2,888 was recorded in the General Fund instead of being allocated to the Street Construction and Maintenance Fund in the amount of \$2,672 and the State Highway Fund in the amount of \$216.

Recording restricted receipts in the wrong fund increases the risk of the illegal spending of those receipts and reduces the available resources needed to meet obligations of the intended fund.

The accounting records and the accompanying financial statements have been adjusted to correct this recording error.

A periodic review of the accounting records should be performed by Council to help identify receipt recording errors.

**OFFICIALS' RESPONSE:** This error was corrected in December 2019.

**FINDING NUMBER 2018-003**

**Noncompliance Citation / Finding for Recovery Repaid Under Audit**

**Village of Elida Employee Manual, Policy 4.2, Vacation Benefits** adopted on March 27, 2018 and the **Village of Elida Employee Handbook, Policy 4-02, Vacation Benefits** in effect prior to March 27, 2018, indicates that regular full-time employees are entitled to 10 days of vacation each year after 1 year of service.

**FINDING NUMBER 2018-003  
(Continued)**

The Employment Offer for Administrative Assistant, Kris Maas, dated March 3, 2015, indicates that the position qualifies for 80% of benefits (regular full time) as outlined in the Employee Handbook. Based on the Employment Offer, during 2018 and 2017, the Administrative Assistant was entitled to 8 days of vacation per year.

The Village maintained vacation leave balances in the UAN system for the Administrative Assistant. During 2018, the Administrative Assistant requested and used 10 days of vacation per the employee's time sheets, leave forms and UAN records which resulted in the Administrative Assistant receiving an extra 2 days of vacation pay during the year. The approved hourly rate in 2018 was \$17, resulting in an overpayment amount of \$272 (8 hours per day \* 2 days \* \$17) during 2018. During 2017, the Administrative Assistant requested and used 10 days of vacation based on the employee's time sheets and leave requests; however, only 8 days of vacation were recorded in the UAN system which resulted in the Administrative Assistant receiving an extra 2 days of vacation pay during the year. The approved hourly rate in 2017 was \$16.65, resulting in an overpayment amount of \$266 (8 hours per day \* 2 days \* \$16.65).

This resulted in a total overpayment of \$538 for vacation pay in 2018 and 2017. In accordance with the foregoing facts and pursuant to Ohio Revised Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Administrative Assistant, Kris Maas, in the amount of \$538 and in favor of the General Fund in the amount of \$215; Street Construction Maintenance and Repair Fund in the amount of \$53; Water Operating Fund in the amount of \$108; Sewer Operating Fund in the amount of \$108; and the Refuse Operating Fund in the amount of \$54.

Under Ohio law, any public official who either authorizes an illegal expenditure of public funds or supervises the accounts of a public office from which an illegal expenditure is discovered, is strictly liable for the amount of the expenditure. *Seward v. National Surety Corp.*, 120 Ohio St. 47 (1929); 1980 Op Att'y Gen. No. 80-074; Ohio Rev. Code § 9.39; *State ex rel. Village of Linndale v. Masten*, 18 Ohio St.3d 228 (1985). Public officials controlling public funds or property are liable for the loss incurred should such funds or property be fraudulently obtained by another, converted, misappropriated, lost or stolen.

Fiscal Officer Sandy Langhals initiated the direct deposit transactions resulting in the improper payments to Kris Maas. Accordingly, Sandy Langhals will be jointly and severally liable in the amount of \$538 and in favor of the General Fund in the amount of \$215; Street Construction Maintenance and Repair Fund in the amount of \$53; Water Operating Fund in the amount of \$108; Sewer Operating Fund in the amount of \$108; and the Refuse Operating Fund in the amount of \$54, to the extent that recovery or restitution is not obtained from Administrative Assistant Kris Maas. The Fiscal Officer's bonding company is West American Insurance Company.

The Village should implement procedures to monitor the accrual and use of leave in order to verify that leave accrual and usage is in accordance with the Village's Handbook and employment offers. The UAN system should be used to track all leave balances with the amounts earned and used to prevent an overpayment from occurring in the future.

This finding for recovery was repaid on December 19, 2019 by withholding \$538 from warrant number 604-2019 issued to Kris Maas.

**OFFICIALS' RESPONSE:** This error was corrected in December 2019.

# Village of Elida

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## SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

DECEMBER 31, 2018 AND 2017

Finding Number	Finding Summary	Status	Additional Information
2016-001	Material Weakness - Accuracy of Financial Reporting	Not Corrected	Repeated as Finding Number 2018-001
2016-002	Significant Deficiency - Payroll processing weaknesses	Partially Corrected	Repeated (partially) in the Management Letter
2016-003	Ohio Rev. Code § 5705.38(A), 5705.38(C), 5705.40, and 5705.41(B) Budgetary Noncompliance –2017 Appropriation measure not adopted at the correct level, appropriation amendments in the accounting system not approved, which resulted in expenditures greater than appropriations.	Partially Corrected	Repeated (partially) in the management Letter

OHIO AUDITOR OF STATE  
**KEITH FABER**



VILLAGE OF ELIDA

ALLEN COUNTY

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
JANUARY 2, 2020