



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



VILLAGE OF ELMORE  
OTTAWA COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Report of Independent Accountants .....	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 2001 .....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances –Proprietary Fund Type – For the Year Ended December 31, 2001 .....	4
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 2000 .....	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances –Proprietary Fund Type – For the Year Ended December 31, 2000 .....	6
Notes to the Financial Statements .....	7
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i> .....	15
Schedule of Findings.....	17

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STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

One Government Center  
Suite 1420  
Toledo, Ohio 43604-2246  
Telephone 419-245-2811  
800-443-9276  
Facsimile 419-245-2484  
www.auditor.state.oh.us

## REPORT OF INDEPENDENT ACCOUNTANTS

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

To the Village Council:

We have audited the accompanying financial statements of the Village of Elmore (the Village) as of and for the years ended December 31, 2001, and 2000. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village as of December 31, 2001, and December 31, 2000, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 14, 2002 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

A handwritten signature in black ink, appearing to read "Jim Petro", with a large, stylized flourish at the end.

**Jim Petro**  
Auditor of State

May 14, 2002

**VILLAGE OF ELMORE  
OTTAWA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Property Tax and Other Local Taxes	\$342,135	\$142,695	\$58,396	\$543,226
Special Assessments	378	404		782
Intergovernmental Receipts	116,540	66,037	265,258	447,835
Charges for Services	37,804	722		38,526
Fines, Licenses, and Permits	6,516	125		6,641
Earnings on Investments	66,784			66,784
Miscellaneous	23,789			23,789
<b>Total Cash Receipts</b>	<u>593,946</u>	<u>209,983</u>	<u>323,654</u>	<u>1,127,583</u>
<b>Cash Disbursements:</b>				
Current:				
Security of Persons and Property	255,520	1,000		256,520
Public Health Services	3,500			3,500
Leisure Time Activities	29,465			29,465
Community Environment	8,157			8,157
Basic Utility Services	28,679	54,473	365,258	448,410
Transportation		144,384		144,384
General Government	152,910			152,910
Capital Outlay			46,163	46,163
<b>Total Cash Disbursements</b>	<u>478,231</u>	<u>199,857</u>	<u>411,421</u>	<u>1,089,509</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>115,715</u>	<u>10,126</u>	<u>(87,767)</u>	<u>38,074</u>
<b>Other Financing Receipts/(Disbursements):</b>				
Sale of Bonds or Notes			100,000	100,000
Sale of Fixed Asset	7,152			7,152
Other Uses	(40)			(40)
<b>Total Other Financing Receipts/(Disbursements)</b>	<u>7,112</u>		<u>100,000</u>	<u>107,112</u>
Excess of Cash Receipts and Other Financing Receipts Over Cash Disbursements and Other Financing Disbursements	122,827	10,126	12,233	145,186
Fund Cash Balances, January 1	313,269	176,188	96,236	585,693
<b>Fund Cash Balances, December 31</b>	<u><u>\$436,096</u></u>	<u><u>\$186,314</u></u>	<u><u>\$108,469</u></u>	<u><u>\$730,879</u></u>
Reserves for Encumbrances, December 31	<u>\$400</u>	<u>\$100</u>	<u>\$100</u>	<u>\$600</u>

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

**VILLAGE OF ELMORE  
OTTAWA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - PROPRIETARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<b>Proprietary Fund Type</b>
	<b>Enterprise</b>
<b>Operating Cash Receipts:</b>	
Charges for Services	\$1,526,526
<b>Operating Cash Disbursements:</b>	
Personal Services	212,453
Fringe Benefits	75,989
Contractual Services	745,478
Supplies and Materials	92,574
Capital Outlay	299,320
Miscellaneous	988
Total Operating Cash Disbursements	1,426,802
Operating Income	99,724
<b>Non-Operating Cash Receipts:</b>	
Intergovernmental Receipts	18,573
Special Assessments	45,873
Total Non-Operating Cash Receipts	64,446
<b>Non-Operating Cash Disbursements:</b>	
Debt Service	90,173
Net Receipts Over Disbursements	73,997
Fund Cash Balances, January 1	971,313
<b>Fund Cash Balances, December 31</b>	<b>\$1,045,310</b>
Reserve for Encumbrances, December 31	

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



**VILLAGE OF ELMORE  
OTTAWA COUNTY**

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

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Property Tax and Other Local Taxes	\$320,915	\$140,146	\$54,587	\$515,648
Special Assessments		1,042		1,042
Intergovernmental Receipts	84,721	62,565		147,286
Charges for Services	10,449	255		10,704
Fines, Licenses, and Permits	8,090	172		8,262
Earnings on Investments	85,610	1,864	4,559	92,033
Miscellaneous	15,522	311		15,833
<b>Total Cash Receipts</b>	<u>525,307</u>	<u>206,355</u>	<u>59,146</u>	<u>790,808</u>
<b>Cash Disbursements:</b>				
Current:				
Security of Persons and Property	240,877	2,064		242,941
Public Health Services	3,300			3,300
Leisure Time Activities	17,512			17,512
Community Environment	7,600			7,600
Basic Utility Services		54,477		54,477
Transportation		156,658		156,658
General Government	181,057			181,057
Capital Outlay			83,853	83,853
<b>Total Cash Disbursements</b>	<u>450,346</u>	<u>213,199</u>	<u>83,853</u>	<u>747,398</u>
<b>Total Receipts Over/(Under) Disbursements</b>	<u>74,961</u>	<u>(6,844)</u>	<u>(24,707)</u>	<u>43,410</u>
<b>Other Financing Receipts/(Disbursements):</b>				
Transfers-In		10,000		10,000
Transfers-Out	(10,000)			(10,000)
Other Uses	(238)			(238)
<b>Total Other Financing Receipts/(Disbursements)</b>	<u>(10,238)</u>	<u>10,000</u>		<u>(238)</u>
<b>Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements</b>	<u>64,723</u>	<u>3,156</u>	<u>(24,707)</u>	<u>43,172</u>
<b>Fund Cash Balances January 1</b>	<u>248,546</u>	<u>173,032</u>	<u>120,943</u>	<u>542,521</u>
<b>Fund Cash Balances, December 31</b>	<u><u>\$313,269</u></u>	<u><u>\$176,188</u></u>	<u><u>\$96,236</u></u>	<u><u>\$585,693</u></u>
Reserves for Encumbrances, December 31				

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

**VILLAGE OF ELMORE  
OTTAWA COUNTY**

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

	<b>Proprietary Fund Type</b>
	<b>Enterprise</b>
<b>Operating Cash Receipts:</b>	
Charges for Services	\$1,458,069
Miscellaneous	104
Total Operating Cash Receipts	1,458,173
<b>Operating Cash Disbursements:</b>	
Personal Services	200,995
Fringe Benefits	56,312
Contractual Services	734,904
Supplies and Materials	118,664
Capital Outlay	244,243
Miscellaneous	1,234
Total Operating Cash Disbursements	1,356,352
Operating Income	101,821
<b>Non-Operating Cash Receipts:</b>	
Special Assessments	44,930
<b>Non-Operating Cash Disbursements:</b>	
Debt Service	143,640
Net Receipts Over Disbursements	3,111
Fund Cash Balances, January 1	968,202
<b>Fund Cash Balances, December 31</b>	<b>\$971,313</b>
Reserve for Encumbrances, December 31	\$38

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

**VILLAGE OF ELMORE  
OTTAWA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Village of Elmore, Ottawa County, (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides general governmental services, including water and sewer utilities, electrical power, park operations, and police services. The Village contracts with Harris-Elmore Township to provide fire protection and emergency medical services.

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

**B. Basis of Accounting**

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

**C. Cash and Investments**

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

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

**D. Fund Accounting**

The Village uses fund accounting to segregate cash and investments that are restricted as to use. The Village classifies its funds into the following types:

**1. General Fund**

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

**2. Special Revenue Fund**

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

**VILLAGE OF ELMORE  
OTTAWA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

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

*Solid Waste Fund* - This fund receives monies from property tax assessment to dispose of solid waste of the Village residents.

**3. Capital Project Fund**

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise funds). The Village had the following significant capital project fund:

*Capital Project Fund* - This fund receives income tax receipts that are restricted for the acquisition or construction of major capital projects. This fund also receives Issue II monies for capital projects.

**4. Enterprise Funds**

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

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

**E. Budgetary Process**

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

**1. Appropriations**

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of control, and appropriations may not exceed estimated resources. The Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

**2. Estimated Resources**

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

**VILLAGE OF ELMORE  
OTTAWA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**3. Encumbrances**

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

A summary of 2001 and 2000 budgetary activity appears in Note 3.

**F. Property, Plant and Equipment**

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

**G. Accumulated Leave**

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Village's basis of accounting.

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

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

	<b>2001</b>	<b>2000</b>
Cash on Hand	\$450	
Demand deposits	14,523	(\$207,195)
Total deposits	14,973	(207,195)
STAR Ohio	1,132,717	1,243,688
Repurchase Agreement	628,499	520,513
Total investments	1,761,216	1,764,201
Total deposits and investments	\$1,776,189	\$1,557,006

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

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

**VILLAGE OF ELMORE  
OTTAWA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2001 and December 31, 2000 follows:

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$517,484	\$601,098	\$83,614
Special Revenue	194,601	209,983	15,382
Capital Projects	565,496	423,654	(141,842)
Enterprise	1,502,650	1,590,972	88,322
<b>Total</b>	<b>\$2,780,231</b>	<b>\$2,825,707</b>	<b>\$45,476</b>

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$565,382	\$478,671	\$86,711
Special Revenue	235,951	199,957	35,994
Capital Projects	603,496	411,421	192,075
Enterprise	2,317,293	1,516,975	800,318
<b>Total</b>	<b>\$3,722,122</b>	<b>\$2,607,024</b>	<b>\$1,115,098</b>

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$446,002	\$525,307	\$79,305
Special Revenue	255,699	216,355	(39,344)
Capital Projects	50,000	59,146	9,146
Enterprise	1,518,300	1,503,103	(15,197)
<b>Total</b>	<b>\$2,270,001</b>	<b>\$2,303,911</b>	<b>\$33,910</b>

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$520,000	\$460,584	\$59,416
Special Revenue	282,500	213,199	69,301
Capital Projects	130,000	83,853	46,147
Enterprise	2,182,000	1,500,030	681,970
<b>Total</b>	<b>\$3,114,500</b>	<b>\$2,257,666</b>	<b>\$856,834</b>

**VILLAGE OF ELMORE  
OTTAWA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

**4. PROPERTY TAX**

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Village Council. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payments, the first half is due December 31. The second half payment is due the following June 20.

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

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

**5. LOCAL INCOME TAX**

The Village levies a municipal income tax of 1percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

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

**6. DEBT**

Debt outstanding at December 31, 2001 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
General Obligation Notes	\$100,000	5%
Ohio Water Development Authority Loan	271,450	6%
Ohio Public Works Commission Loan	<u>155,534</u>	0%
Total	<u>\$526,984</u>	

The General Obligation Notes were issued for the purpose of purchase and construction of a water tower and sewer renovations.

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

**VILLAGE OF ELMORE  
OTTAWA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

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

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

<u>Year ending December 31:</u>	<u>OWDA Loan</u>	<u>General Obligation Notes</u>	<u>OPWC Loan</u>
2002	\$24,666	\$24,816	\$10,727
2003	24,666	23,852	10,726
2004	24,666	22,898	10,727
2005	24,666	21,926	10,726
2006	24,666	20,964	10,727
2007 – 2011	123,330		53,632
2012 – 2016	123,330		48,269
2017 – 2021	110,996		
Total	<u>\$480,986</u>	<u>\$114,456</u>	<u>\$155,534</u>

**7. RETIREMENT SYSTEMS**

The Village's law enforcement officers belong to the Ohio Police and Fire Pension Funds (OP&F). Other full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. OP&F and PERS are cost-sharing, multiple-employer plans. These plans provide retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

Contribution rates are also prescribed by the Ohio Revised Code. For 2001 and 2000, OP&F participants contributed 10% of their wages. The Village contributed an amount equal to 19.5% of police participant wages. PERS members contributed 8.5% of their wages. The Village contributed an amount equal to 13.55% of participants' gross salaries for 2001 and from January 1, 2000 through June 30, 2000. PERS temporarily reduced employer contributions to 8.13% effective July 1, 2000 through December 31, 2000. The Village has paid all contributions required through December 31, 2001.

**8. RISK POOL MEMBERSHIP**

The Village belongs to the Ohio Government Risk Management Plan (the Plan), an unincorporated non-profit association with over 600 governmental entity members providing a formalized, jointly administered self-insurance risk management program and other administrative services.

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



**VILLAGE OF ELMORE  
OTTAWA COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)**

The Plan uses conventional insurance coverages and reinsures these coverages 100%, rather than using a risk pool of member funds to pay individual and collective losses. Therefore, the individual members are only responsible for their self-retention (deductible) amounts which vary from member to member.

**9. JOINT VENTURES**

The Village is a participant with:

**Ohio Municipal Electric Generation Agency Joint Venture 2 (JV2)**

The Village is a participant with thirty-six subdivisions within the State of Ohio in a joint venture to provide supplemental reserve electric power to the participants on a cooperative basis. Of the 36 participants, 16 are financing participants and 20 are non-financing participants. The financing participants will pay their portion to a debt service reserve fund on a monthly basis and the non-financing participants will pay their portion in a lump sum cash payment. The Village of Elmore is a non-financing participant. The Ohio Municipal Electric Generation Agency Joint Venture 2 (JV2) was created for that purpose and includes the buyout of the Ohio Municipal Electric Generation Agency Joint Venture 3 (JV3). On dissolution of the joint venture, the net assets of the JV2 will be shared by the participants on a percentage basis. The JV2 is managed by AMP-Ohio who acts as the joint venture's agent. The participants are obligated by the agreement to remit monthly costs incurred from using electricity generated by the joint venture. In accordance with the joint venture agreement, the Village remitted \$6,119 and \$160,382 for 2001 and 2000, respectively, to the joint venture. The Village of Elmore's net investment and its share of the operating results of JV2 ownership share of the project is .27 percent. The Village recovers these costs through charges to customers. Complete financial statements for JV2 can be obtained from AMP-Ohio at 601 Dempsey Road, Westerville, Ohio 43081.

**Ohio Municipal Electric Generation Agency Joint Venture 5 (JV5)**

The Village is a participant with forty-two other municipalities within the State of Ohio in a joint venture to construct a hydroelectric power plant and associated transmission facilities in West Virginia on the Ohio River at the Belleville Locks and Dam and receive electricity from its operation. The Ohio Municipal Electric Generation Agency Joint Venture 5 (JV5) was created for that purpose. On the dissolution of the joint venture, the net assets of JV5 will be shared by the participants on a percentage basis. The JV5 is managed by AMP-Ohio who acts as the joint venture's agent. The participants are obligated by the agreement to remit monthly costs incurred from using electricity generated by the joint venture and a portion of the \$147,815,000 certificates of beneficial interest debt that was issued to construct the fixed asset. In accordance with the joint venture agreement, the Village remitted \$111,007 and \$113,690 for 2001 and 2000, respectively, to the joint venture. The Village of Elmore's net investment and its share of the operating results of JV5 ownership share of the project is 0.58 percent. Complete financial statements for JV5 can be obtained from AMP-Ohio at 601 Dempsey Road, Westerville, Ohio 43081. Each member is required to make debt service payments for the project based on their percentage of ownership. Payment began in 1994. The Village of Elmore's share of the debt service is as follows:

VILLAGE OF ELMORE  
OTTAWA COUNTY

NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2001 AND 2000  
(Continued)

<u>Year Ending December 31</u>	<u>Participant Principal</u>	<u>Participant Interest</u>	<u>Participant Debt Service</u>
2002	\$19,024	\$44,262	\$63,286
2003	19,981	43,311	63,292
2004	20,996	42,312	63,308
2005	22,040	41,241	63,281
2006	23,200	40,084	63,284
Subsequent	<u>716,619</u>	<u>422,636</u>	<u>1,139,255</u>
Total	<u>\$821,860</u>	<u>\$633,846</u>	<u>\$1,455,706</u>



STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

One Government Center  
Suite 1420  
Toledo, Ohio 43604-2246  
Telephone 419-245-2811  
800-443-9276  
Facsimile 419-245-2484  
www.auditor.state.oh.us

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

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

To the Village Council:

We have audited the accompanying financial statements of the Village of Elmore (the Village) as of and for the years ended December 31, 2001, and 2000, and have issued our report thereon dated May 14, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2001-30162-001. We also noted certain immaterial instances of noncompliance that we have reported to the management of the Village in a separate letter dated May 14, 2002.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated May 14, 2002.

Village of Elmore  
Ottawa County  
Report of Independent Accountants on Compliance and on  
Internal Control Required by *Government Auditing Standards*  
Page 2

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

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is fluid and cursive, with a large loop at the end.

**Jim Petro**  
Auditor of State

May 14, 2002

**VILLAGE OF ELMORE  
OTTAWA COUNTY**

**SCHEDULE OF FINDINGS  
DECEMBER 31, 2001 AND 2000**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**FINDING NUMBER 2001-30162-001**

**Noncompliance Citation**

Ohio Revised Code § 5705.41 (D) provides that no subdivision or taxing unit shall make any contract or order any expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the same has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. This section also provides two exceptions to the above requirements.

- A. Then and Now Certificate - if no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was appropriated and free of any previous encumbrances, Council may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate, if such expenditure is otherwise valid.
  
- B. If the amount involved is less than one thousand dollars the fiscal officer may authorize it to be paid without the affirmation of Council.

Forty percent of the vouchers selected for testing were not certified by the Clerk-Treasurer at the time the contract or order was made and a Then and Now Certificate had not been issued. We recommend, where possible, the Clerk-Treasurer certify the availability of funds prior to expenditures being made. Where prior certification is not feasible, we encourage the Clerk-Treasurer to utilize then and now certificates or blanket certificates. The failure to properly certify could allow expenditures to exceed available resources.





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140  
Telephone 614-466-4514  
800-282-0370  
Facsimile 614-466-4490

**VILLAGE OF ELMORE**

**OTTAWA COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JUNE 18, 2002**