

VILLAGE OF AMESVILLE
ATHENS COUNTY

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2006 - 2005



Mary Taylor, CPA

Auditor of State

Village Council
Village of Amesville
P.O. Box 190
Amesville, Ohio 45711-0190

We have reviewed the *Independent Accountants' Report* of the Village of Amesville, Athens County, prepared by Knox & Knox, for the audit period January 1, 2005 through December 31, 2006. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Accountants' Report* on your financial statements. While the Auditor of State does not legally require your government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Accountants' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of Amesville is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

August 27, 2007

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VILLAGE OF AMESVILLE
ATHENS COUNTY

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KNOX & KNOX

Accountants and Consultants

Independent Accountants' Report

Village of Amesville
Athens County
P.O. Box 190
Amesville, OH 45711

We have audited the accompanying financial statements of the Village of Amesville, Athens County, Ohio, (the Village) as of and for the years ended December 31, 2006 and 2005. 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, if any, 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 described more fully in Note 1, the Village has prepared its financial statements using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and accounting principles generally accepted in the United States of America, we presume they are material.

Revisions to GAAP would require the Village of Amesville to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2006 and 2005. Instead of the combined funds the accompanying financial statements present for 2006 and 2005, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2006 and 2005. While the Village of Amesville does not follow GAAP, generally accepted auditing standards require us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The

Village of Amesville has elected not to reformat its statements. Since the Village of Amesville does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village of Amesville's combined funds as of December 31, 2006 and 2005, and their changes in financial position and cash flows.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village of Amesville, Athens County, as of December 31, 2006 and 2005, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

The aforementioned revision to generally accepted accounting principles also requires the Village of Amesville to include Management's Discussion and Analysis for the years ended December 31, 2006 and 2005. The Village of Amesville has not presented Management's Discussion and Analysis, which accounting principles generally accepted in the United States of America has determined is necessary to supplement, although not required to be part of, the financial statements.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 23, 2007, on our consideration of the Village of Amesville's internal control over financial reporting and our tests of its compliance with laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

Knox & Knox

Orrville, Ohio
May 23, 2007

VILLAGE OF AMESVILLE
ATHENS COUNTY

COMBINED STATEMENT OF CASH FUND BALANCES
ALL FUND TYPES
DECEMBER 31, 2006 AND 2005

Cash and Cash Equivalents	<u>2006</u>	<u>2005</u>
Cash and Cash Equivalents	<u>\$109,766</u>	<u>\$99,939</u>
Total Cash and Cash Equivalents	<u><u>\$109,766</u></u>	<u><u>\$99,939</u></u>
Cash Fund Balances		
Government Fund Types:		
Genral Fund	\$8,883	\$9,566
Special Revenue funds	<u>39,201</u>	<u>33,348</u>
Total Government Fund Types	<u>48,084</u>	<u>42,914</u>
Proprietary Fund Type		
Enterprise Fund	<u>61,682</u>	<u>51,025</u>
Total Proprietary Fund Type	<u>61,682</u>	<u>51,025</u>
Total Cash Fund Balances	<u><u>\$109,766</u></u>	<u><u>\$93,939</u></u>

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

VILLAGE OF AMESVILLE
ATHENS COUNTY

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

	Governmental Fund Types		Totals (Memorandum Only)
	General	Special Revenue	
Cash Receipts:			
Property Tax and Other Local Taxes	\$15,153	\$10,503	\$25,656
Intergovernmental	4,937	6,604	11,541
Fines, Licenses, and Permits	800		800
Earnings on Investments	980	124	1,104
Miscellaneous	4,015	100	4,115
	<u>25,885</u>	<u>17,331</u>	<u>43,216</u>
Total Cash Receipts			
Cash Disbursements:			
Current:			
Security of Persons and Property	2,715	12,068	14,783
Public Health Services	25		25
Leisure Time Activities		3,209	3,209
Transportation		1,201	1,201
General Government	18,828		18,828
	<u>21,568</u>	<u>16,478</u>	<u>38,046</u>
Total Cash Disbursements			
	<u>21,568</u>	<u>16,478</u>	<u>38,046</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>4,317</u>	<u>853</u>	<u>5,170</u>
Other Financing Receipts and (Disbursements)			
Transfers-In		5,000	5,000
Transfers-Out	(5,000)		(5,000)
	<u>(5,000)</u>	<u>5,000</u>	<u></u>
Total Other Financing Receipts (Disbursements)			
	<u>(5,000)</u>	<u>5,000</u>	<u></u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>(683)</u>	<u>5,853</u>	<u>5,170</u>
Cash Fund Balances, January 1	9,566	33,348	42,914
Cash Fund Balances, December 31	<u>\$8,883</u>	<u>\$39,201</u>	<u>\$48,084</u>

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

VILLAGE OF AMESVILLE
ATHENS COUNTY

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

	<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	<u>\$39,641</u>		<u>\$39,641</u>
Total Operating Cash Receipts	<u>39,641</u>		<u>39,641</u>
Operating Cash Disbursements:			
Personal Services	\$14,234		14,234
Fringe Benefits	2,617		2,617
Contractual Services	222,773		222,773
Supplies and Materials	5,029		5,029
Miscellaneous	<u>265</u>		<u>265</u>
Total Operating Cash Disbursements	<u>244,918</u>		<u>244,918</u>
Operating Income (Loss)	<u>(205,277)</u>		<u>(205,277)</u>
Non-Operating Cash Receipts			
Intergovernmental	126,034		126,034
Debt Proceeds	110,700		110,700
Other Sources		<u>\$2,537</u>	<u>2,537</u>
Total Non-Operating Cash Receipts	<u>236,734</u>	<u>2,537</u>	<u>239,271</u>
Non-Operating Cash Disbursements:			
Redemption of Principal	20,800		20,800
Other		<u>2,537</u>	<u>2,537</u>
Total Non-Operating Cash Disbursements	<u>20,800</u>	<u>2,537</u>	<u>23,337</u>
Net Receipts Over/(Under)Disbursements	10,657		10,657
Fund Cash Balances, January 1	<u>51,025</u>		<u>51,025</u>
Fund Cash Balances, December 31	<u><u>\$61,682</u></u>	<u><u>2,537</u></u>	<u><u>\$61,682</u></u>

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

VILLAGE OF AMESVILLE
ATHENS COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property Tax and Other Local Taxes	\$16,815	\$12,056	\$28,871
Intergovernmental	4,597	5,847	10,444
Fines, Licenses, and Permits	2,137		2,137
Earnings on Investments	842	189	1,031
Miscellaneous	6	1,173	1,179
	<u>24,397</u>	<u>19,265</u>	<u>43,662</u>
 Total Cash Receipts			
Cash Disbursements:			
Current:			
Security of Persons and Property	2,998	7,975	10,973
Public Health Services	474		474
Leisure Time Activities		5,196	5,196
Community Environment		1,132	1,132
Transportation		10,725	10,725
General Government	<u>17,939</u>		<u>17,939</u>
	<u>21,411</u>	<u>25,028</u>	<u>46,439</u>
 Total Cash Disbursements			
Total Cash Receipts Over/(Under) Cash Disbursements	<u>2,986</u>	<u>(5,763)</u>	<u>(2,777)</u>
 Other Financing Receipts and (Disbursements)			
Transfers-In		5,500	5,500
Transfers-Out	<u>(5,500)</u>		<u>(5,500)</u>
	<u>(5,500)</u>	<u>5,500</u>	
 Total Other Financing Receipts (Disbursements)			
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(2,514)	(263)	(2,777)
 Cash Fund Balances, January 1	<u>12,080</u>	<u>33,611</u>	<u>45,691</u>
 Cash Fund Balances, December 31	<u><u>\$9,566</u></u>	<u><u>\$33,348</u></u>	<u><u>\$42,914</u></u>

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

VILLAGE OF AMESVILLE
ATHENS COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES
IN FUND CASH BALANCES - PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2005

	<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Type</u>	Totals (Memorandum Only)
	<u>Enterprise</u>	<u>Agency</u>	
Operating Cash Receipts:			
Charges for Services	<u>\$33,453</u>		<u>\$33,453</u>
Total Operating Cash Receipts	<u>33,453</u>		<u>33,453</u>
Operating Cash Disbursements:			
Personal Services	15,418		15,418
Fringe Benefits	2,617		2,617
Contractual Services	66,793		66,793
Supplies and Materials	4,666		4,666
Miscellaneous	<u>245</u>		<u>245</u>
Total Operating Cash Disbursements	<u>89,739</u>		<u>89,739</u>
Operating Income (Loss)	<u>(56,286)</u>		<u>(56,286)</u>
Non-Operating Cash Receipts			
Intergovernmental	35,000		35,000
Debt Proceeds	20,800		20,800
Other Sources	<u>3,648</u>	<u>\$1,000</u>	<u>4,648</u>
Total Non-Operating Cash Receipts	<u>59,448</u>	<u>1,000</u>	<u>60,448</u>
Non-Operating Cash Disbursements:			
Other Non-Operating Cash Disbursements		<u>1,000</u>	<u>1,000</u>
Total Non-Operating Cash Disbursements		<u>1,000</u>	<u>1,000</u>
Net Receipts Over/(Under)Disbursements	<u>3,162</u>		<u>3,162</u>
Fund Cash Balances, January 1	<u>47,863</u>		<u>47,863</u>
Fund Cash Balances, December 31	<u><u>\$51,025</u></u>		<u><u>\$51,025</u></u>

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

VILLAGE OF AMESVILLE
ATHENS COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 and 2005

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

Village of Amesville , Athens 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 and Mayor and an appointed Chief Fiscal Officer. The Village provides police services, maintenance of Village streets and highways, and water utility 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 included in the cash fund balances. Accordingly, the 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. Certificates of deposit are valued at cost.

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 Funds

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 Fund:

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

VILLAGE OF AMESVILLE
ATHENS COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 and 2005 (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Fund Accounting (Continued)

3. Enterprise Fund

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:

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

4. Fiduciary Fund Agency Fund

This fund accounts for activity for which the Village is acting in an agency capacity. The Village had the following significant Agency Fund:

Mayor's Court Fund - This fund accounts for the financial activity of the Mayor's Court,

E. Budgetary Process

The Ohio Revised Code requires that each fund (except certain agency funds) be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function or object level of, 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. Appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are cancelled, and reappropriated in the subsequent year.

A summary of 2006 and 2005 budgetary activity appears in Note 3.

VILLAGE OF AMESVILLE
ATHENS COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 and 2005 (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

2. EQUITY IN POOLED CASH

The Village maintains a cash 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:

	2006	2005
Demand deposits	\$ 76,766	\$ 60,939
Certificates of deposit	33,000	33,000
Total deposits	\$109,766	\$ 93,939

Deposits: Deposits are either (1) insured by the Federal Depository Insurance Corporation, or (2) collateralized by the financial institution's entity deposit pool.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2005 and 2004 follows:

Fund Type	2006 Budgeted vs. Actual Receipts		
	Budgeted	Actual	Variance
	Receipts	Receipts	
General	\$24,865	\$25,885	\$1,020
Special Revenue	21,900	22,331	431
Enterprise	282,242	276,375	(5,867)
Total	\$329,007	\$324,591	(\$4,416)

Fund Type	2006 Budgeted vs Actual Budgetary Basis Expenditures		
	Appropriation	Budgetary	Variance
	Authority	Expenditures	
General	\$33,070	\$26,568	\$6,502
Special Revenue	39,390	16,478	22,912
Enterprise	299,780	265,718	34,062
Total	\$372,240	\$308,764	\$63,476

VILLAGE OF AMESVILLE
ATHENS COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 and 2005 (Continued)

3. BUDGETARY ACTIVITY (continued)

Fund Type	2005 Budgeted vs. Actual Receipts		
	Budgeted Receipts	Actual Receipts	Variance
General	\$21,970	\$24,397	\$2,427
Special Revenue	21,671	24,765	3,094
Enterprise	100,750	92,901	(7,849)
Total	\$144,391	\$142,063	(\$2,328)

Fund Type	2005 Budgeted vs Actual Budgetary Basis Expenditures		
	Appropriation Authority	Budgetary Expenditures	Variance
General	\$34,045	\$26,911	\$7,134
Special Revenue	42,904	25,028	17,876
Enterprise	120,870	89,739	31,131
Total	\$197,819	\$141,678	\$56,141

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 for 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 owner, 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. RETIREMENT SYSTEMS

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

Contribution rates are also prescribed by the Ohio Revised Code. For 2006 and 2005, members contributed 9.0% and 8.5% of their gross salaries, respectively. The Village contributed an amount equal to 13.7% (2006) and 13.55% (2005) of participants' gross salaries. The Village has paid all contributions required through December 31, 2006.

VILLAGE OF AMESVILLE
ATHENS COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2006 and 2005 (Continued)

6. RISK MANAGEMENT

The Village belongs to the Ohio Municipal Joint Self-Insurance Pool (the "Pool"), an unincorporated non-profit association available to municipal corporations and their instrumentalities. Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity. The Pool provides a program of property and casualty insurance for its members. The Plan pays judgments, settlements and other expenses resulting for covered claims that exceed the members deductibles.

The Village is insured for the following risks through the Pool:

- Bodily injury and property damage;
- Law enforcement liability;
- Fire damage;
- Personal injury; and
- Public officials liability

7. DEBT

In 2005, the Village obtained a no interest loan from the EPA in the amount of \$20,800 which was repaid in 2006.

In 2006, the Village obtained a no interest loan from the Ohio Water Development Authority in the amount of \$110,700 to be repaid in ten annual payments of \$11,070 beginning in July, 2007.

The following is a summary of future debt service requirements:

<u>Year (s)</u>	<u>Principal</u>
2007	\$ 11,070
2008	11,070
2009	11,070
2010	11,070
2011	11,070
2012-2016	<u>55,350</u>
	<u>\$110,700</u>

8. CONTINGENT LIABILITIES

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the federal government. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.

9. RELATED PARTIES

During 2006 the spouse of a council member provided landscaping services to the Village.

KNOX & KNOX

Accountants and Consultants

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

Village of Amesville
Athens County
P.O. Box 190
Amesville, OH 45711

We have audited the accompanying financial statements of the Village of Amesville as of and for the years ended December 31, 2006 and 2005, and have issued our report thereon dated May 23, 2007, wherein we noted the Village followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. 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.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered the Village of Amesville'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 an opinion 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 reportable 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 caused by error or fraud 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 internal control over financial reporting that we have reported to the management of the Village of Amesville in a separate letter dated May 23, 2007.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village of Amesville's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements,

Village of Amesville
Athens County
Independent Accountants' Report on
Compliance and on Internal Control
Page 2

noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

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

Knox & Knox

Orrville, Ohio
May 23, 2007



Mary Taylor, CPA
Auditor of State

VILLAGE OF AMESVILLE

ATHENS 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
SEPTEMBER 6, 2007**