

**VILLAGE OF AMSTERDAM
JEFFERSON COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2007 - 2006



Mary Taylor, CPA

Auditor of State

Village Council
Village of Amsterdam
102 Springfield Street
Amsterdam, Ohio 43903-0115

We have reviewed the *Independent Accountants' Report* of the Village of Amsterdam, Jefferson County, prepared by Knox & Knox for the audit period January 1, 2006 through December 31, 2007. 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 permit

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 Amsterdam is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

June 30, 2008

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VILLAGE OF AMSTERDAM
JEFFERSON COUNTY

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KNOX & KNOX

Accountants and Consultants

Independent Accountants' Report

Village of Amsterdam
Jefferson County
103 Springfield Street
Amsterdam, Ohio 43903

To the Village Council:

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

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2007 and 2006. In addition to the accompanying financial statements present for 2007 and 2006, the revisions require presenting entity wide statements. While the Village 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 has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

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

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the fund cash balances of the Village of Amsterdam, Jefferson County, as of December 31, 2007 and 2006, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 12, 2008, on our consideration of the Village'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 audit.

Knox & Knox

Orrville, Ohio
June 12, 2008

VILLAGE OF AMSTERDAM
JEFFERSON COUNTY

COMBINED STATEMENT OF CASH FUND BALANCES
ALL FUND TYPES - FOR THE YEARS ENDED DECEMBER 31, 2007 AND 2006

	<u>2007</u>	<u>2006</u>
CASH AND CASH EQUIVALENTS		
Cash and Cash Equivalents	<u>\$80,968</u>	<u>\$76,904</u>
Total Cash and Cash Equivalents	<u><u>\$80,968</u></u>	<u><u>\$76,904</u></u>
CASH FUND BALANCES		
Government Fund Types:		
General Fund	\$55,308	\$58,434
Special Revenue Funds	<u>25,660</u>	<u>18,470</u>
Total Government Fund Types	<u>80,968</u>	<u>76,904</u>
TOTAL CASH FUND BALANCES	<u><u>\$80,968</u></u>	<u><u>\$76,904</u></u>

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

VILLAGE OF AMSTERDAM
JEFFERSON COUNTY

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

	Governmental Fund Types		Totals (Memorandum Only)
	General	Special Revenue	
CASH RECEIPTS:			
Property and Other Local Taxes	\$20,674	\$16,529	\$37,203
Intergovernmental	21,943	27,433	49,376
Licenses, Fees, and Permits	6,476		6,476
Earnings on Investments	1,580		1,580
Miscellaneous	2,295	501	2,796
	<u>52,968</u>	<u>44,463</u>	<u>97,431</u>
CASH DISBURSEMENTS			
Current:			
Security of Persons and Property	18,970	11,244	30,214
Public Health Services	483		483
Leisure Time Activities		5,678	5,678
Transportation		15,136	15,136
General Government	32,465	5,454	37,919
Capital Outlay		3,261	3,261
	<u>51,918</u>	<u>40,773</u>	<u>92,691</u>
Total Receipts Over/(Under) Disbursements)	<u>1,050</u>	<u>3,690</u>	<u>4,740</u>
OTHER FINANCING RECEIPTS/DISBURSEMENTS			
Transfers-In		3,500	3,500
Transfers-Out	(3,500)		(3,500)
Other Financing Uses	(676)		(676)
	<u>(4,176)</u>	<u>3,500</u>	<u>(676)</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(3,126)	7,190	4,064
Fund Cash Balances, January 1	<u>58,433</u>	<u>18,471</u>	<u>76,904</u>
FUND CASH BALANCES, DECEMBER 31	<u>\$55,307</u>	<u>\$25,661</u>	<u>\$80,968</u>

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

VILLAGE OF AMSTERDAM
JEFFERSON 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

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
CASH RECEIPTS:			
Property and Other Local Taxes	\$20,058	\$16,636	\$36,694
Intergovernmental	40,452	31,087	71,539
Licenses, Fees, and Permits	5,195		5,195
Earnings on Investments	1,592		1,592
Miscellaneous	2,247		2,247
	<u>69,544</u>	<u>47,723</u>	<u>117,267</u>
CASH DISBURSEMENTS			
Current:			
Security of Persons and Property	22,722	11,362	34,084
Public Health Services	455		455
Leisure Time Activities		10,509	10,509
Transportation		13,340	13,340
General Government	33,509	3,131	36,640
Capital Outlay		8,643	8,643
	<u>56,686</u>	<u>46,985</u>	<u>103,671</u>
Total Receipts Over/(Under) Disbursements)	<u>12,858</u>	<u>738</u>	<u>13,596</u>
OTHER FINANCING RECEIPTS/DISBURSEMENTS			
Transfers-In		6,000	6,000
Transfers-Out	(6,000)		(6,000)
Other Financing Uses	(717)		(717)
	<u>(6,717)</u>	<u>6,000</u>	<u>(717)</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	6,141	6,738	12,879
Fund Cash Balances, January 1	<u>52,292</u>	<u>11,733</u>	<u>64,025</u>
FUND CASH BALANCES, DECEMBER 31	<u><u>\$58,433</u></u>	<u><u>\$18,471</u></u>	<u><u>\$76,904</u></u>

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

VILLAGE OF AMSTERDAM
JEFFERSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 and 2006

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. **DESCRIPTION OF THE ENTITY**

The Village of Amsterdam, Jefferson 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 police, recreation, street maintenance services, and flood control. The Village of Amsterdam contracts with the Amsterdam Volunteer Fire Department for Fire protection 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. **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 has the following significant Special Revenue Funds:

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

VILLAGE OF AMSTERDAM
JEFFERSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 and 2006

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (continued)

D. **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 department, division or office level of control, and within each, amounts appropriated for personal services. The Village 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 cash as of January 1. The County Budget Commission must also approve estimated resources.

3. **Encumbrances**

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

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

E. **PROPERTY, PLANT AND EQUIPMENT**

Acquisitions of property, plant and equipment are recorded as capital outlay 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 and investment pool used by all funds. The Ohio Revised Code prescribes allowable deposits. The carrying amount of cash and investments at December 31 was as follows:

	<u>2007</u>	<u>2006</u>
Demand deposits	<u>\$80,968</u>	<u>\$76,904</u>

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

VILLAGE OF AMSTERDAM
JEFFERSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 and 2006

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2007 and 2006, follows:

<u>Fund Type</u>	<u>2007 Budgeted vs. Actual Receipts</u>		
	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$50,070	\$52,968	\$2,898
Special Revenue	44,439	47,963	3,524
Total	<u>\$94,509</u>	<u>\$100,931</u>	<u>\$6,422</u>

<u>Fund Type</u>	<u>2007 Budgeted vs Actual Budgetary Basis Expenditures</u>		
	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$108,505	\$56,094	\$52,411
Special Revenue	62,907	40,773	22,134
Total	<u>\$171,412</u>	<u>\$96,867</u>	<u>\$74,545</u>

<u>Fund Type</u>	<u>2006 Budgeted vs. Actual Receipts</u>		
	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$67,509	\$69,545	\$2,036
Special Revenue	53,232	53,723	491
Total	<u>\$120,741</u>	<u>\$123,268</u>	<u>\$2,527</u>

<u>Fund Type</u>	<u>2006 Budgeted vs Actual Budgetary Basis Expenditures</u>		
	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
General	\$119,801	\$63,402	\$56,399
Special Revenue	64,965	46,985	17,980
Total	<u>\$184,766</u>	<u>\$110,387</u>	<u>\$74,379</u>

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.

VILLAGE OF AMSTERDAM
JEFFERSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2007 and 2006

4. **PROPERTY TAX** (continued)

Public utilities are also taxed on personal and real property located within the Village.

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 SYSTEM**

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

Contributions rates are also prescribed by the Ohio Revised Code. For 2007 and 2006, OPERS members contributed 9.5% and 9.0% of their gross salaries, respectively. The Village contributed an amount equal to 13.85% (2007) and 13.7% (2006) of participants' gross salaries. The Village has paid all contributions required through December 31, 2007.

6. **RISK MANAGEMENT**

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles;
- Errors and omissions; and
- Public officials' liability

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Accountants and Consultants

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

Village of Amsterdam
Jefferson County
103 Springfield Street
Amsterdam, Ohio 43903

To the Village Council:

We have audited the accompanying financial statements of the Village of Amsterdam, Jefferson County, Ohio, (the Village) as of and for the years ended December 31, 2007 and 2006, and have issued our report thereon dated June 12, 2008, 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 audit, we considered the Village's internal control over financial reporting as basis for designing our audit procedures in order to express our opinions on the financial statements, but not to opine on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Village's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Village's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above. However, we noted other matters that we reported to the Village's management in a separate letter dated June 12, 2008.

COMPLIANCE AND OTHER MATTERS

As part of reasonably assuring whether the Village's basic financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

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

KNOX & KNOX

Orrville, Ohio
June 12, 2008



Mary Taylor, CPA
Auditor of State

VILLAGE OF AMSTERDAM

JEFFERSON 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
JULY 15, 2008**