



Dave Yost • Auditor of State

VILLAGE OF AMSTERDAM
JEFFERSON COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2015	3
Combined Statement of Receipts, Disbursements, and Changes in Fund Balances (Cash Basis) - All Governmental Fund Types - For the Year Ended December 31, 2014	4
Notes to the Financial Statements	5
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	11
Schedule of Findings	13

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Village of Amsterdam
Jefferson County
103 Springfield St.
P.O. Box 122
Amsterdam, Ohio 43903

To the Village 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 Amsterdam, Jefferson County, (the Village) as of and for the years ended December 31, 2015 and 2014.

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 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 1 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, 2015 and 2014, or 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 combined cash balances of the Village of Amsterdam, Jefferson County as of December 31, 2015 and 2014, and its combined cash receipts and disbursements 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 1.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 28, 2016, 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.



Dave Yost
Auditor of State
Columbus, Ohio

November 28, 2016

VILLAGE OF AMSTERDAM
JEFFERSON COUNTY

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2015**

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
Cash Receipts				
Property and Other Local Taxes	\$20,492	\$16,311	\$0	\$36,803
Municipal Income Tax	15,193			15,193
Intergovernmental	15,412	30,151	22,712	68,275
Fines, Licenses and Permits	290			290
Earnings on Investments	51			51
Miscellaneous	6,125			6,125
<i>Total Cash Receipts</i>	<u>57,563</u>	<u>46,462</u>	<u>22,712</u>	<u>126,737</u>
Cash Disbursements				
Current:				
Security of Persons and Property	20,812	11,326		32,138
Public Health Services	714			714
Leisure Time Activities		5,701		5,701
Transportation		19,664		19,664
General Government	26,879	1,094		27,973
Capital Outlay	0		22,712	22,712
<i>Total Cash Disbursements</i>	<u>48,405</u>	<u>37,785</u>	<u>22,712</u>	<u>108,902</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>9,158</u>	<u>8,677</u>	<u>0</u>	<u>17,835</u>
Other Financing Receipts (Disbursements)				
Transfers In		10,700		10,700
Transfers Out	(10,700)			(10,700)
Other Financing Uses	(1,578)			(1,578)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(12,278)</u>	<u>10,700</u>	<u>0</u>	<u>(1,578)</u>
<i>Net Change in Fund Cash Balances</i>	<u>(3,120)</u>	<u>19,377</u>	<u>0</u>	<u>16,257</u>
<i>Fund Cash Balances, January 1</i>	<u>33,655</u>	<u>16,845</u>	<u>0</u>	<u>50,500</u>
Fund Cash Balances, December 31				
Restricted		36,222		36,222
Unassigned (Deficit)	30,535			30,535
<i>Fund Cash Balances, December 31</i>	<u><u>\$30,535</u></u>	<u><u>\$36,222</u></u>	<u><u>\$0</u></u>	<u><u>\$66,757</u></u>

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

**VILLAGE OF AMSTERDAM
JEFFERSON COUNTY**

**COMBINED STATEMENT OF RECEIPTS, DISBURSEMENTS
AND CHANGES IN FUND BALANCES (CASH BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2014**

	<u>General</u>	<u>Special Revenue</u>	<u>Totals (Memorandum Only)</u>
Cash Receipts			
Property and Other Local Taxes	\$18,028	\$14,443	\$32,471
Municipal Income Tax	3,360		3,360
Intergovernmental	12,508	22,966	35,474
Fines, Licenses and Permits	765		765
Earnings on Investments	49		49
Miscellaneous	2,085	50	2,135
<i>Total Cash Receipts</i>	<u>36,795</u>	<u>37,459</u>	<u>74,254</u>
Cash Disbursements			
Current:			
Security of Persons and Property	18,453	10,319	28,772
Public Health Services	570		570
Leisure Time Activities		5,502	5,502
Transportation		20,879	20,879
General Government	29,101	1,788	30,889
<i>Total Cash Disbursements</i>	<u>48,124</u>	<u>38,488</u>	<u>86,612</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(11,329)</u>	<u>(1,029)</u>	<u>(12,358)</u>
Other Financing Receipts (Disbursements)			
Transfers In		4,767	4,767
Transfers Out	(4,767)		(4,767)
Other Financing Uses	(5,140)		(5,140)
<i>Total Other Financing Receipts (Disbursements)</i>	<u>(9,907)</u>	<u>4,767</u>	<u>(5,140)</u>
<i>Net Change in Fund Cash Balances</i>	<u>(21,236)</u>	<u>3,738</u>	<u>(17,498)</u>
Fund Cash Balances, January 1	<u>54,891</u>	<u>13,107</u>	<u>67,998</u>
Fund Cash Balances, December 31			
Restricted		16,845	16,845
Unassigned (Deficit)	33,655		33,655
<i>Fund Cash Balances, December 31</i>	<u>\$33,655</u>	<u>\$16,845</u>	<u>\$50,500</u>

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

**VILLAGE OF AMSTERDAM
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of Amsterdam, Jefferson County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides street maintenance and repairs, park operations, and police services. The Village contracts with the Village of Amsterdam Volunteer Fire Department to receive fire protection services.

B. Accounting Basis

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.

C. Deposits and Investments

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

The Village values Certificates of Deposit 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 accounts for and reports all financial resources not accounted for and reported in another fund.

2. 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 Fund - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining, and repairing Village streets.

**VILLAGE OF AMSTERDAM
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. 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 fund:

Sewer Fund – This fund accounts for the Ohio Public Works Commission funding that is paid on behalf of the Village.

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 Village Council must annually approve appropriation measures and subsequent amendments. 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 approve estimated resources.

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. The Village did not use the encumbrance method of accounting. The Village did not encumber all commitments required by Ohio law.

A summary of 2015 and 2014 budgetary activity appears in Note 3.

F. 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:

VILLAGE OF AMSTERDAM
JEFFERSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1. **Nonspendable**

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

2. **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.

3. **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.

4. **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.

5. **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.

G. Property, Plant, and Equipment

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 AMSTERDAM
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

2. EQUITY IN POOLED DEPOSITS AND INVESTMENTS

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

	2015	2014
Demand deposits	\$52,063	\$18,302
Certificates of deposit	14,694	32,198
Total deposits	66,757	50,500

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

Investments:

Investments in Certificates of Deposits are also covered by FDIC.

3. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 2015 and 2014 follows:

2015 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$49,827	\$57,563	\$7,736
Special Revenue	55,613	57,162	1,549
Capital Projects	22,712	22,712	0
Total	\$128,152	\$137,437	\$9,285

2015 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$83,483	\$60,683	\$22,800
Special Revenue	72,458	37,785	34,673
Capital Projects	22,712	22,712	0
Total	\$178,653	\$121,180	\$57,473

2014 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$37,732	\$36,795	(\$937)
Special Revenue	40,798	42,226	1,428
Total	\$78,530	\$79,021	\$491

**VILLAGE OF AMSTERDAM
JEFFERSON COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015 AND 2014
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2014 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$92,622	\$58,031	\$34,591
Special Revenue	53,904	38,488	\$15,416
Total	\$146,526	\$96,519	\$50,007

4. PROPERTY TAX

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 homestead and rollback deductions. The financial statements include homestead and rollback 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.

5. LOCAL INCOME TAX

The Village levied a municipal income tax of 1 percent in July 2014 on 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. RETIREMENT SYSTEMS

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

The Ohio Revised Code also prescribes contribution rates. For 2015 and 2014, OPERS members contributed 10% of their gross salaries and the Village contributed an amount equaling 14%, respectively, of participants' gross salaries. The Village has paid all contributions required through December 31, 2015.

7. RISK MANAGEMENT

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

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

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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 Amsterdam
Jefferson County
103 Springfield St.
P.O. Box 122
Amsterdam, Ohio 43903

To the Village 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 Amsterdam, Jefferson County, (the Village) as of and for the years ended December 31, 2015 and 2014, and the related notes to the financial statements and have issued our report thereon dated November 28, 2016 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 2015-001 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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

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 communication is not suitable for any other purpose.

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

Dave Yost
Auditor of State
Columbus, Ohio

November 28, 2016

**VILLAGE OF AMSTERDAM
JEFFERSON COUNTY
SCHEDULE OF FINDINGS
DECEMBER 31, 2015 AND 2014**

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

FINDING NUMBER 2015-001

Material Weakness- Posting of Receipts and Disbursements

Sound accounting practices require the Village to maintain an accounting system that enables them to identify, assemble, analyze, classify, record, and report all transactions. The Village Clerk/Treasurer did not correctly post all receipts and disbursements in 2014 and 2015. This was attributed to the Village Clerk/Treasurer not abiding by the adopted chart of accounts. The Clerk/Treasurer has agreed to and posted the following reclassifications and adjustments, which are reflected in the accompanying financial statements:

2014: Reclassifications:

Fund	Reclassified to:	Amount	Reclassified from:
Street M & R	Transportation Disbursement	\$3,985	General Government Disbursement
Flood	Ending Equity/Restricted	3,121	Ending Equity/Assigned

2014: Adjustments:

Fund	Adjusted to:	Amount	Adjusted from
General	Eliminated	\$6,000	Transfer Out
General	Eliminated	6,000	Miscellaneous receipt

2015 Reclassifications:

Fund	Reclassified to:	Amount	Reclassified from:
Sewer	Intergovernmental Revenue	\$22,711	Miscellaneous Revenue
Street M & R	Transportation Disbursement	3,750	General Government Disbursement
Flood	Ending Equity/Restricted	3,121	Ending Equity/Assigned
Street M & R	Transfer In	10,700	Miscellaneous

2015 Adjustments:

Fund	Adjusted to:	Amount	Adjusted from:
General	Eliminated	\$(6,855)	Transfer Out
General	Eliminated	3	Other Uses
General	Eliminated	6,852	Miscellaneous receipt

The Village did not have procedures in place to properly record the above items. Failure to consistently follow a uniform chart of accounts increases the possibility the Village will not be able to identify, assemble, classify, record, and report its transactions correctly or to document compliance with finance-related legal and contractual requirements.

The Village Clerk/Treasurer should maintain the accounting system to enable the Village to identify, assemble, analyze, classify, record, and report all transactions. The Village should adopt procedures for the review of posted transactions and subsequent reporting on the financial statements.

Official's Response: No response was received.



Dave Yost • 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
DECEMBER 27, 2016