



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**VILLAGE OF AMELIA
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 and Similar Fiduciary Fund Types – For the Year Ended December 31, 1999 | 3 |
| Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental and Similar Fiduciary Fund Types – For the Year Ended December 31, 1998 | 4 |
| Notes to the Financial Statements | 5 |
| Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i> | 11 |
| Schedule of Findings | 13 |

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REPORT OF INDEPENDENT ACCOUNTANTS

Village of Amelia
Clermont County
44 West Main Street
Amelia, Ohio 45102

To the Village Council:

We have audited the accompanying financial statements of the Village of Amelia, Clermont County, Ohio (the Village), as of and for the years ended December 31, 1999 and 1998. 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 generally accepted auditing standards 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 of the Village as of December 31, 1999 and 1998, 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 August 2, 2000 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.

This report is intended solely for the information and use of 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".

Jim Petro
Auditor of State

August 2, 2000

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**VILLAGE OF AMELIA
COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
AND CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 1999**

| | Governmental Fund Types | | | | Fiduciary Fund Type | Totals (Memorandum Only) |
|--|-------------------------|--------------------|-----------------|---------------------|------------------------|--------------------------------|
| | General | Special Revenue | Debt Service | Capital Projects | Agency | |
| Cash Receipts: | | | | | | |
| Property Tax and Other Local Taxes | \$70,753 | \$252,977 | | | | \$323,730 |
| Intergovernmental Receipts | 188,297 | 72,973 | | \$66,767 | | 328,037 |
| Fines, Licenses, and Permits | 121,018 | 5,237 | | | | 126,255 |
| Earnings on Investments | 2,599 | 422 | | | | 3,021 |
| Miscellaneous | 764 | 272 | | | | 1,036 |
| Total Cash Receipts | 383,431 | 331,881 | 0 | 66,767 | 0 | 782,079 |
| Cash Disbursements: | | | | | | |
| Current: | | | | | | |
| Security of Persons and Property | 149,245 | 222,158 | | | | 371,403 |
| Public Health Services | 4,700 | | | | | 4,700 |
| Leisure Time Activities | 19,748 | | | | | 19,748 |
| Community Environment | 25,063 | | | | | 25,063 |
| Basic Utility Services | | 70,597 | | | | 70,597 |
| General Government | 181,182 | | | | | 181,182 |
| Debt Service: | | | | | | |
| Principal Payments | | | \$216,000 | | | 216,000 |
| Interest Payments | | | 9,381 | | | 9,381 |
| Capital Outlay | | 21,103 | | 66,767 | | 87,870 |
| Total Disbursements | 379,938 | 313,858 | 225,381 | 66,767 | 0 | 985,944 |
| Total Receipts Over/(Under) Disbursements | 3,493 | 18,023 | (225,381) | 0 | 0 | (203,865) |
| Other Financing Receipts/(Disbursements): | | | | | | |
| Sale of Bonds or Notes | | 20,000 | 206,000 | | | 226,000 |
| Transfers-In | | | 19,300 | | | 19,300 |
| Transfers-Out | (19,300) | | | | | (19,300) |
| Other Sources | | | | | \$112,670 | 112,670 |
| Other Uses | | | | | (105,764) | (105,764) |
| Total Other Financing Receipts/(Disbursements) | (19,300) | 20,000 | 225,300 | 0 | 6,906 | 232,906 |
| Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements | (15,807) | 38,023 | (81) | 0 | 6,906 | 29,041 |
| Fund Cash Balances January 1 | 38,892 | 193,576 | 81 | 0 | 965 | 233,514 |
| Fund Cash Balances, December 31 | \$23,085 | \$231,599 | \$0 | \$0 | \$7,871 | \$262,555 |

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

**VILLAGE OF AMELIA
 COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS,
 AND CHANGES IN FUND CASH BALANCES
 ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES
 FOR THE YEAR ENDED DECEMBER 31, 1998**

| | Governmental Fund Types | | | | Fiduciary Fund Type | Totals (Memorandum Only) |
|--|-------------------------|--------------------|-----------------|---------------------|------------------------|--------------------------------|
| | General | Special Revenue | Debt Service | Capital Projects | Agency | |
| Cash Receipts: | | | | | | |
| Property Tax and Other Local Taxes | \$69,464 | \$241,665 | | | | \$311,129 |
| Intergovernmental Receipts | 183,865 | 66,657 | | \$10,517 | | 261,039 |
| Charges for Services | 820 | | | | | 820 |
| Fines, Licenses, and Permits | 101,686 | 5,100 | | | | 106,786 |
| Earnings on Investments | 2,933 | 478 | 53 | | | 3,464 |
| Miscellaneous | 19,206 | | | | | 19,206 |
| Total Cash Receipts | 377,974 | 313,900 | 53 | 10,517 | 0 | 702,444 |
| Cash Disbursements: | | | | | | |
| Current: | | | | | | |
| Security of Persons and Property | 116,463 | 236,664 | | | | 353,127 |
| Public Health Services | 4,601 | | | | | 4,601 |
| Leisure Time Activities | 12,424 | | | | | 12,424 |
| Community Environment | 20,130 | | | | | 20,130 |
| Basic Utility Services | | 81,149 | | | | 81,149 |
| General Government | 183,472 | | | | | 183,472 |
| Debt Service: | | | | | | |
| Principal Payments | | | 247,500 | | | 247,500 |
| Interest Payments | | | 22,128 | | | 22,128 |
| Capital Outlay | 224 | | | 10,517 | | 10,741 |
| Total Disbursements | 337,314 | 317,813 | 269,628 | 10,517 | 0 | 935,272 |
| Total Receipts Over/(Under) Disbursements | 40,660 | (3,913) | (269,575) | 0 | 0 | (232,828) |
| Other Financing Receipts/(Disbursements): | | | | | | |
| Sale of Bonds or Notes | | | 216,000 | | | 216,000 |
| Transfers-In | | 789 | 53,473 | | | 54,262 |
| Transfers-Out | (54,262) | | | | | (54,262) |
| Other Sources | | | | | \$118,322 | 118,322 |
| Other Uses | | | | | (118,372) | (118,372) |
| Total Other Financing Receipts/(Disbursements) | (54,262) | 789 | 269,473 | 0 | (50) | 215,950 |
| Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements | (13,602) | (3,124) | (102) | 0 | (50) | (16,878) |
| Fund Cash Balances January 1 (Restated See Note 2) | 52,494 | 196,700 | 183 | 0 | 1,015 | 250,392 |
| Fund Cash Balances, December 31 | \$38,892 | \$193,576 | \$81 | \$0 | \$965 | \$233,514 |

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

VILLAGE OF AMELIA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Amelia, Clermont County, Ohio (the Village), is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected, six-member Council. The Village provides general governmental services, park operations (leisure time activities), and police 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. Deposits

Village funds are pooled in checking accounts with local commercial banks.

D. Fund Accounting

The Village uses fund accounting to segregate cash and deposits 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 Funds:

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

Police Levy Fund - This fund receives tax monies to fund the police department.

Waste Levy Fund - This fund receives tax monies to fund waste collection services.

VILLAGE OF AMELIA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Debt Service Fund

This fund is used to accumulate resources for the payment of bonds and note indebtedness. The Village had the following significant Debt Service Fund:

Various Purpose Bond Anticipation Note Fund - This fund receives proceeds from Bond Anticipation Notes to make payments for principal and interest obligations on notes.

4. Capital Project Funds

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 or trust funds). The Village had the following significant Capital Project Fund:

State Issue II Fund - This fund receives state grant money for street renovations.

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 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. Appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts). 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. The Village did not use the encumbrance method of accounting; however, a review was performed to determine the amount of encumbrances outstanding at year-end. At December 31, 1999 and 1998, there were no material unrecorded encumbrances.

A summary of 1999 and 1998 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.

**VILLAGE OF AMELIA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Unpaid Vacation and Sick Leave

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

2. PRIOR PERIOD ADJUSTMENT

The fund balances of the General Fund and Special Revenue Fund have been restated to correct errors in the December 31, 1997 fund balances.

| | <u>General Fund</u> | <u>Special Revenue Fund</u> |
|--|-------------------------|---------------------------------|
| Fund Balance at December 31, 1997 | \$32,261 | \$214,785 |
| Adjustment | <u>20,233</u> | <u>(18,085)</u> |
| Restated Fund Balance at January 1, 1998 | <u>\$52,494</u> | <u>\$196,700</u> |

3. EQUITY IN POOLED CASH AND INVESTMENTS

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

| | <u>1999</u> | <u>1998</u> |
|-----------------|------------------|------------------|
| Demand deposits | <u>\$262,555</u> | <u>\$233,514</u> |

Deposits

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

4. BUDGETARY ACTIVITY

Budgetary activity for the years ending December 31, 1999 and 1998 follows:

| <u>1999 Budgeted vs. Actual Receipts</u> | | | |
|--|------------------------------|----------------------------|-------------------|
| <u>Fund Type</u> | <u>Budgeted Receipts</u> | <u>Actual Receipts</u> | <u>Variance</u> |
| General | \$ 405,458 | \$ 383,431 | \$ (22,027) |
| Special Revenue | 338,428 | 351,881 | 13,453 |
| Debt Service | 21,000 | 225,300 | 204,300 |
| Capital Projects | <u>0</u> | <u>66,767</u> | <u>66,767</u> |
| Total | <u>\$ 764,886</u> | <u>\$ 1,027,379</u> | <u>\$ 262,493</u> |

VILLAGE OF AMELIA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

4. BUDGETARY ACTIVITY (Continued)

| 1999 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|---------------------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$ 383,272 | \$ 399,238 | \$ (15,966) |
| Special Revenue | 378,346 | 313,858 | 64,488 |
| Debt Service | 21,000 | 225,381 | (204,381) |
| Capital Projects | 0 | 66,767 | (66,767) |
| Total | <u>\$ 782,618</u> | <u>\$ 1,005,244</u> | <u>\$ (222,626)</u> |

| 1998 Budgeted vs. Actual Receipts | | | |
|-----------------------------------|----------------------|--------------------|-------------------|
| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
| General | \$ 344,167 | \$ 377,974 | \$ 33,807 |
| Special Revenue | 309,801 | 314,689 | 4,888 |
| Debt Service | 20,000 | 269,526 | 249,526 |
| Capital Projects | 0 | 10,517 | 10,517 |
| Total | <u>\$ 673,968</u> | <u>\$ 972,706</u> | <u>\$ 298,738</u> |

| 1998 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|---------------------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$ 391,855 | \$ 391,576 | \$ 279 |
| Special Revenue | 387,976 | 317,813 | 70,163 |
| Debt Service | 20,000 | 269,628 | (249,628) |
| Capital Projects | 0 | 10,517 | (10,517) |
| Total | <u>\$ 799,831</u> | <u>\$ 989,534</u> | <u>\$ (189,703)</u> |

The Debt Service Fund expenditures for 1999 and 1998 exceeded the appropriation authority because the Village did not appropriate the refunding of Bond Anticipation Notes.

The Capital Project Fund expenditures for 1999 and 1998 exceeded the appropriation authority because the Village did not appropriate the State Issue II grant expenditures.

5. 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.

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

VILLAGE OF AMELIA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

5. PROPERTY TAX (Continued)

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.

6. DEBT

Debt outstanding at December 31, 1999 was as follows:

| | Principal | Interest Rate |
|---|------------|---------------|
| Various Purpose Bond Anticipation Notes | \$ 206,000 | 4.45% |
| Computer System Bond Anticipation Note | 20,000 | 4.50% |
| Total | \$ 226,000 | |

The original Various Purpose Bond Anticipation Notes were issued in 1996 with the purpose of constructing various public improvements. The Village retires the notes each year and makes interest payments each year at that time. New one-year notes are then reissued. The proceeds from this note were paid to the Village's Various Purpose Bond Anticipation Note Fund, which is a Debt Service Fund type.

The Computer System Bond Anticipation Note was issued in 1999 with the purpose of making improvements to the Village's computer system. The proceeds from this note were paid to the Village's Computer Fund, which is a Special Revenue Fund type.

7. RETIREMENT SYSTEMS

The Village's law enforcement officers belong to the Police and Firemen's Disability and Pension Funds (PFDPF). Other full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. PFDPF and PERS are cost-sharing, multiple-employer plans. These plans provide 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 1999 and 1998, members of PFDPF contributed 10% of their wages to the PFDPF. The Village contributed an amount equal to 19.5% of their wages. PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries. The Village has paid all contributions required through December 31, 1999.

VILLAGE OF AMELIA
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 1999 AND 1998
(Continued)

8. RISK MANAGEMENT

The Village is a member of the Ohio Municipal League Joint Self Insurance Pool (the Pool). The Pool assumes the risk of loss up to the limits of the Village's policy. The Pool may assess supplemental premiums. The following risks are covered by the Pool:

- General liability and casualty
- Public official's liability
- Vehicle

The Village also provides health insurance and dental and vision coverage to full-time employees through a private carrier.

9. COMPLIANCE

Contrary to various Ohio Revised Code and Ohio Administrative Code sections, the Village:

- Did not maintain a cash journal in the proper format;
- Did not maintain an appropriation ledger in a complete and accurate form;
- Did not maintain a receipts ledger in the proper format;
- Did not consistently use purchase orders; and
- Did not establish an Issue 2 fund.



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

Village of Amelia
Clermont County
44 West Main Street
Amelia, Ohio 45102

To the Village Council:

We have audited the accompanying financial statements of the Village of Amelia, Clermont County, Ohio (the Village), as of and for the years ended December 31, 1999 and 1998, and have issued our report thereon dated August 2, 2000. We conducted our audit in accordance with generally accepted auditing standards 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 1999-30413-001 to 1999-30413-004. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated August 2, 2000.

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. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect the Village's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. A reportable condition is described in the accompanying Schedule of Findings as item 1999-30413-001.

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we do not believe the reportable condition described above is a material weakness. We also 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 August 2, 2000.

This report is intended for the information and use of 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

August 2, 2000

**VILLAGE OF AMELIA
SCHEDULE OF FINDINGS
DECEMBER 31, 1999 AND 1998**

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

FINDING NUMBER 1999-30413-001

Noncompliance/Reportable Condition - Accounting System

Ohio Rev. Code, Section 117.43, authorizes the Auditor of State to prescribe by rule, requirements for accounting and financial reporting for public offices other than state agencies. The Auditor of State has prescribed a uniform system of accounting for villages that is set forth in the Ohio Administrative Code, Chapter 117-5. The Village did not comply in the following instances:

- A. Ohio Admin. Code, Section 117-5-09, states that each village shall record each expenditure of village money and each receipt of village money in a cash journal. Furthermore, at the close of each month, all "Debit" and "Credit" columns shall be ruled off on the same line, totaled, and the totals for the month entered. The year-to-date totals shall be entered on the next line and the columns again ruled off. The difference between the month's debits and credits shall be added to or subtracted from the previous month's balance and the new balances entered in the proper column.

- B. Ohio Admin. Code, Section 117-5-10, states that each village shall maintain a receipt ledger. When moneys are received, the amount is first posted in the cash journal as prescribed in rule 117-5-09 of the Administrative Code and then posted to the proper account in the receipts ledger. Section 117-5-10 further states that each village shall post to each receipts account the estimated amount of money to be received into the account as specified by the county budget commission in its official estimate of balances and receipts set forth in the certificate of estimated resources. This estimated amount shall be entered in the "balance" column under the heading "memoranda."

- C. Ohio Admin. Code, Section 117-5-11, states that each village shall maintain an appropriation ledger. Each expenditure charged against an appropriation account shall be posted and subtracted from the appropriated balance.

We noted the following regarding the Village's cash journal, receipts ledger, and appropriation ledger:

- 7 The Village's cash journal did not contain all Debt Service and Capital Project (Issue II) activity, payroll checks were entered into the cash journal in a range with the total amount posted only, and the cash journal did not contain year-to-date totals.

- 7 The Village did not post all revenue to the receipt ledger; therefore, it did not agree to the cash journal and the Village did not post the estimated amount to be received into each account.

- 7 The Village did not post all expenditures to the appropriation ledger; therefore, it did not agree to the cash journal.

As a result of these deficiencies, the receipt and appropriation ledgers did not contain the level of detail necessary to post receipts and expenditures to the proper line items. The Village did not correctly complete its 1999 and 1998 Annual Financial Reports. We were able to perform additional procedures to verify the classification of receipts and expenditures. This lack of detailed accounting records could adversely affect management's decisions and could lead to inaccurate financial reporting.

**VILLAGE OF AMELIA
SCHEDULE OF FINDINGS
DECEMBER 31, 1999 AND 1998
(Continued)**

FINDING NUMBER 1999-30413-001(Continued)

We recommend that the Clerk reconcile the cash journal with the bank in a timely manner and that all errors be investigated and corrections made, as soon as possible. All bank reconciliations must be maintained for audit. The Clerk should properly maintain receipt and appropriation ledgers, as required by O.A.C. 117-5-01 through 117-5-18 for the Village, to assist in identifying proper classification of receipts and disbursements for use in financial reporting.

FINDING NUMBER 1999-30413-002

Noncompliance Citation - Encumbering and Purchase Orders

Ohio Rev. Code, Section 5705.41 (D), states 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. Every such contract made without such a certificate shall be null and void and no warrant shall be issued in payment of any amount due thereon.

This Section also provides two "exceptions" to the above requirements:

- A. Then and Now Certificate - If no certificate is furnished as receipt of the fiscal officer's certificate that a sufficient sum was appropriated and free of any previous encumbrances, the Village 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.
- B. If the amount involved is less than one thousand dollars (\$1,000), the fiscal officer may authorize it to be paid without the affirmation of the Village Council, if such expenditure is otherwise valid.

Of the expenditures we selected for testing all liabilities, contracts, and open purchase commitments were not certified by the Clerk and were not encumbered until the time of payment.

Ohio Admin. Code, Section 117-5-13, requires villages to utilize purchase orders. The Village did not consistently use purchase orders to control disbursements. As a result, funds were not properly encumbered prior to purchases being made.

We recommend that purchase orders be completed and certified by the Clerk prior to purchases being made.

FINDING NUMBER 1999-30413-003

Noncompliance Citation - Establishment of Funds

Ohio Rev. Code, Section 5705.09, requires the Village to establish a special fund for each class of revenues derived from a source other than the general property tax, which the law requires to be used for a particular purpose. Upon establishing a fund, estimated receipts should be certified to the County Auditor as available for expenditures and anticipated expenditures should be included in the Village appropriations.

During 1999 and 1998, the Village participated in the Ohio Public Works Commission's Issue 2 Funding Program. Under this program, the State made payments of "Issue 2" monies to contractors on behalf of the Village. The Village did not formally establish the required fund to account for these monies and did not include these monies within its annual budget. Guidelines on the accounting treatment for these types of transactions is set forth in MAS Bulletin 89-17. The financial statements reflect an adjustment to include Issue 2 money.

**VILLAGE OF AMELIA
SCHEDULE OF FINDINGS
DECEMBER 31, 1999 AND 1998
(Continued)**

FINDING NUMBER 1999-30413-003 (Continued)

Additionally, Ohio Rev. Code, Section 5705.41(B), prohibits a subdivision from making an expenditure unless it has been properly appropriated. The financial statements reflect an adjustment to include Issue 2 receipts and expenditures; however, the Village did not include these monies within its annual budget, which resulted in expenditures exceeding appropriations in the Issue 2 fund by \$66,767 in 1999 and \$10,517 in 1998.

We recommend the Village formally establish an Issue 2 fund and record all future Issue 2 payments to contractors on behalf of the Village in this fund. The Village should also include all Issue 2 monies in its annual budget and continue to monitor the budgetary activity obtaining any necessary amendments.

FINDING NUMBER 1999-30413-004

Noncompliance Citation - Expenditures

Ohio Rev. Code, Section 5705.41(B), prohibits a subdivision from making an expenditure unless it has been properly appropriated. Because of the delay in passing a temporary or permanent appropriations measure, all expenditures made during the periods January 1, 1999 through March 22, 1999 and January 1, 1998 through March 23, 1998 were made in violation of the statute. In addition, after the measures were passed, the Building - Land Acquisition Fund was found to have expenditures that exceeded appropriations as of December 31, 1999 and 1998 in the amounts of \$204,381 and \$249,628 respectively. Also, the Debt Service Fund expenditures for 1999 and 1998 exceeded the appropriation authority because the Village did not appropriate the refunding of Various Purpose Bond Anticipation Notes and the Capital Project Fund expenditures for 1999 and 1998 exceeded the appropriation authority because the Village did not appropriate the State Issue II grant expenditures.

We recommend that the Village adopt an appropriation measure by the required date and certify appropriations to the County Auditor. We also recommend that the Village maintain an appropriation ledger with the proper account codes and monitor disbursements against appropriations.



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VILLAGE OF AMELIA

CLERMONT 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
AUGUST 29, 2000**