



Mary Taylor, CPA
Auditor of State

VILLAGE OF AMANDA
FAIRFIELD COUNTY

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Mary Taylor, CPA
Auditor of State

Village of Amanda
Fairfield County
116 East Main Street
Box 250
Amanda, Ohio 43102-0250

To the Village Council:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your Village 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. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

Mary Taylor

Mary Taylor, CPA
Auditor of State

September 30, 2010

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Village of Amanda
Fairfield County
116 East Main Street
Box 250
Amanda, Ohio 43102-0250

To the Village Council:

We have audited the accompanying financial statements of Village of Amanda, Fairfield County, Ohio (the Village) as of and for the years ended December 31, 2009 and 2008. 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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. The Village processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Village because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinion.

As described more fully in Note 1, the Village has prepared these 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 GAAP, we presume they are material.

Instead of the combined funds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Village's larger (i.e. major) funds separately. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require Villages 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, 2009 and 2008 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, 2009 and 2008, or its changes in financial position or cash flows, where applicable for the years then ended.

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 Amanda, Fairfield County, Ohio as of December 31, 2009 and 2008, and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

As described in Note 10 for the year ended December 31, 2008, the Village changed its financial presentation comparable to the requirements of Governmental Accounting Standard No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments* to the accounting practices the Auditor of State prescribes or permits.

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 September 30, 2010, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Mary Taylor, CPA
Auditor of State

September 30, 2010

**VILLAGE OF AMANDA
FAIRFIELD COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2009**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property and Local Taxes	\$ 34,571	\$ 32,900	\$ 67,471
Intergovernmental	15,759	33,660	49,419
Charges for Services	60,724	-	60,724
Fines, Licenses and Permits	225	-	225
Earnings on Investments	534	534	1,068
Miscellaneous	3,812	-	3,812
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	115,625	67,094	182,719
	<hr/>	<hr/>	<hr/>
Cash Disbursements:			
Current:			
Security of Persons and Property	10,856	-	10,856
Public Health Services	-	2,753	2,753
Leisure Time Activities	5,316	14	5,330
Basic Utility Service	55,065	-	55,065
Transportation	-	63,048	63,048
General Government	46,748	502	47,250
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	117,985	66,317	184,302
	<hr/>	<hr/>	<hr/>
Total Receipts Over/(Under) Disbursements	(2,360)	777	(1,583)
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, January 1	28,772	67,294	96,066
	<hr/>	<hr/>	<hr/>
Fund Cash Balances, December 31	<u>\$ 26,412</u>	<u>\$ 68,071</u>	<u>\$ 94,483</u>

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

**VILLAGE OF AMANDA
FAIRFIELD COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGE IN FUND CASH BALANCE - PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2009**

	Enterprise
Operating Cash Receipts:	
Charges for Services	\$ 259,803
Total Operating Cash Receipts	259,803
Operating Cash Disbursements:	
Personal Services	32,448
Employee Fringe Benefits	4,016
Contractual Services	71,917
Supplies and Materials	24,111
Other	618
Total Operating Cash Disbursements	133,110
Operating Income	126,693
Non-Operating Cash Receipts:	
Earnings on Investments	892
Miscellaneous Receipts	1,034
Total Non-Operating Cash Receipts	1,926
Non-Operating Cash Disbursements:	
Redemption of Principal	77,077
Interest and Other Fiscal Charges	74,326
Total Non-Operating Cash Disbursements	151,403
Net Receipts (Under) Disbursements	(22,784)
Fund Cash Balances, January 1	306,920
Fund Cash Balances, December 31	\$ 284,136

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

**VILLAGE OF AMANDA
FAIRFIELD COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2008**

	<u>Governmental Fund Types</u>		<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	
Cash Receipts:			
Property and Local Taxes	\$ 30,157	\$ 32,096	\$ 62,253
Intergovernmental	18,815	43,721	62,536
Charges for Services	60,454	-	60,454
Fines, Licenses and Permits	324	-	324
Earnings on Investments	856	856	1,712
Miscellaneous	8,070	-	8,070
	<hr/>	<hr/>	<hr/>
Total Cash Receipts	118,676	76,673	195,349
Cash Disbursements:			
Current:			
Security of Persons and Property	12,760	-	12,760
Public Health Services	-	1,512	1,512
Leisure Time Activities	5,845	621	6,466
Basic Utility Service	53,354	-	53,354
Transportation	3,700	81,196	84,896
General Government	63,385	497	63,882
	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	139,044	83,826	222,870
Total Receipts Over/(Under) Disbursements	<hr/>	<hr/>	<hr/>
	(20,368)	(7,153)	(27,521)
Other Financing Receipts / (Disbursements):			
Transfers-In	-	2,612	2,612
Transfers-Out	-	(2,612)	(2,612)
	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts / (Disbursements)	-	-	-
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<hr/>	<hr/>	<hr/>
	(20,368)	(7,153)	(27,521)
Fund Cash Balances, January 1	<hr/>	<hr/>	<hr/>
	49,140	74,447	123,587
Fund Cash Balances, December 31	<hr/>	<hr/>	<hr/>
	<u>\$ 28,772</u>	<u>\$ 67,294</u>	<u>\$ 96,066</u>

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

**VILLAGE OF AMANDA
FAIRFIELD COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGE IN FUND CASH BALANCE - PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2008**

	Enterprise
Operating Cash Receipts:	
Charges for Services	\$ 260,445
Total Operating Cash Receipts	260,445
Operating Cash Disbursements:	
Personal Services	26,624
Employee Fringe Benefits	3,779
Contractual Services	66,512
Supplies and Materials	23,508
Other	1,154
Total Operating Cash Disbursements	121,577
Operating Income	138,868
Non-Operating Cash Receipts:	
Intergovernmental	58,959
Special Assessments	926
Earnings on Investments	5,827
OWDA Loan Proceeds	225,979
OPWC Loan Proceeds	125,500
Miscellaneous Receipts	3,287
Total Non-Operating Cash Receipts	420,478
Non-Operating Cash Disbursements:	
Capital Outlay	405,640
Redemption of Principal	19,331
Interest and Other Fiscal Charges	45,140
Total Non-Operating Cash Disbursements	470,111
Net Receipts Over Disbursements	89,235
Fund Cash Balances, January 1	217,685
Fund Cash Balances, December 31	\$ 306,920

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

**VILLAGE OF AMANDA
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008**

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 Amanda, Fairfield County, Ohio (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village. The Village provides general government services, water and sewer utilities, and maintenance of Village roads.

The Village contracts with the Fairfield County Sheriff's department to provide security of persons and property. The Village contracts with Amanda Township to receive fire protection services.

The Village participates in a jointly governed organization. Note 9 to the financial statements provides additional information for these entities. The organization is:

Jointly Governed Organization:

Fairfield County Regional Planning Commission

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

B. Accounting Basis

These financial statements follow the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Village 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 Auditor of State prescribes or permits.

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 deposits 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 reports all financial resources except those required to be accounted for in another fund.

**VILLAGE OF AMANDA
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

D. Fund Accounting (Continued)

2. Special Revenue Funds

These funds account for proceeds from specific sources (other than from private-purpose 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 & Repair Fund - This fund receives gasoline tax and motor vehicle tax money for constructing, maintaining, and repairing Village streets.

Street Levy Fund - This fund is used for street improvements.

3. Enterprise Funds

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

Water Fund - This fund receives charges for services from residents to cover water service costs.

Sewer Fund - This fund receives charges for services from residents to cover sewer service costs.

Sewer Debt Service Fund - This fund receives monies from fees assessed to sewer users. The monies are used to retire debt incurred to operate the sewer system.

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 appropriations 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.

**VILLAGE OF AMANDA
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

E. Budgetary Process (Continued)

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are canceled, and re-appropriated in the subsequent year. The Village did not encumber all commitments required by Ohio Law.

A summary of 2009 and 2008 budgetary activity appears in Note 3.

F. 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.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

2. Equity in Pooled Deposits

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

	2009	2008
Demand deposits	\$321,696	\$346,955
Certificates of deposit	56,923	56,031
Total deposits	\$378,619	\$402,986

Deposits: Deposits are insured by the Federal Depository Insurance Corporation; or collateralized by the financial institution's public entity deposit pool.

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2009 and 2008 follows:

2009 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 116,034	\$ 115,625	\$ (409)
Special Revenue	73,888	67,094	(6,794)
Enterprise	316,435	261,729	(54,706)
Total	\$ 506,357	\$ 444,448	\$ (61,909)

**VILLAGE OF AMANDA
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

3. Budgetary Activity (Continued)

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 146,104	\$ 117,985	\$ 28,119
Special Revenue	141,181	66,317	74,864
Enterprise	365,385	284,513	80,872
Total	\$ 652,670	\$ 468,815	\$ 183,855

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 120,495	\$ 118,676	\$ (1,819)
Special Revenue	61,637	79,285	17,648
Enterprise	628,077	680,923	52,846
Total	\$ 810,209	\$ 878,884	\$ 68,675

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 131,827	\$ 139,044	\$ (7,217)
Special Revenue	170,118	86,438	83,680
Enterprise	650,974	591,688	59,286
Total	\$ 952,919	\$ 817,170	\$ 135,749

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the General Fund by \$7,217 for the year ended December 31, 2008. Also contrary to Ohio law, at December 31, 2008, appropriations exceeded estimated resources available for expenditure in three Special Revenue Funds.

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.

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.

**VILLAGE OF AMANDA
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

5. Debt

Debt outstanding at December 31, 2009 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Sewer Mortgage Revenue Bonds	\$698,200	5.50%
Ohio Water Development Authority Loan (#3985)	98,857	5.01%
Ohio Water Development Authority Loan (#4667)	1,955,085	1.50%
Ohio Public Works Commission Loan (#CQ11J)	116,088	0.00%
Total	<u><u>\$2,868,230</u></u>	

The FmHA Sewer Mortgage Revenue Bonds were obtained for the purpose of paying the costs of constructing the Village's sewer system. The loan will be repaid in over 40 years. The loan is secured by sewer receipts. The Village has agreed to set utility rates sufficient to cover debt service requirements.

OWDA Loan (#3985) relates to waterline construction. The OWDA approved \$109,999 in a loan related to this project. The Village repays the loan in semiannual installments of \$3,563, including interest, over 20 years. Water and sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

OWDA Loan (#4667) relates to water system improvements. The OWDA approved \$1,966,000 in a loan related to this project. This loan was drawn down in 2008 and the Village began making payments on this loan July 1, 2009. The principal amount above represents the total amount owed to date, including capitalized interest of \$28,674. Since the loan has not been finalized by OWDA, an amortization schedule for the loan is not available. Water and sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

The mortgage revenue bond covenant requires the Village to establish and fund a debt service reserve fund, included as a debt service fund. The balance in the fund at December 31, 2009 is \$54,300.

The Ohio Public Works Commission (OPWC) loan CQ11J relates to a water system improvements project. OPWC approved up to \$125,500 in a loan to the Village for this project. This loan was drawn down in 2008. The Village repays the loan in semi-annual installments of \$3,138, over 20 years. Water receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover the debt service requirements.

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

**VILLAGE OF AMANDA
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

5. Debt (Continued)

Year ending December 31:	Sewer Mortgage Revenue Bonds	OWDA Loan #3985	OPWC Loan #CQ11J
2010	\$54,201	\$7,126	\$6,275
2011	54,232	7,126	6,275
2012	54,214	7,126	6,275
2013	54,246	7,126	6,275
2014	54,223	7,126	6,275
2015-2019	271,194	35,629	31,375
2020-2024	271,158	35,629	31,375
2025-2029	271,137	35,629	21,963
2030-2034	162,679	28,503	0
Total	<u>\$1,247,282</u>	<u>\$171,020</u>	<u>\$116,088</u>

6. Retirement Systems

A. Ohio Public Employees Retirement System

The Village's officials and employees belong to the Ohio Public Employees Retirement System (OPERS). The Ohio Revised Code prescribes these plans' benefits, which include postretirement healthcare and survivor and disability benefits.

The Ohio Revised Code also prescribes contribution rates. For 2009 and 2008, OPERS members contributed 10%, of their gross salaries and the Village contributed an amount equaling 14%, of participants' gross salaries. The Village has paid all contributions required through December 31, 2009.

B. Social Security (FICA)

A Council member contributes to Social Security (FICA). For 2009 and 2008, the official contributed 6.2% of their gross salary and the Village contributed an amount equaling 6.2% of the participants' gross salary. The Village's has paid all contributions required through December 31, 2009.

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.

**VILLAGE OF AMANDA
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2009 AND 2008
(Continued)**

8. Contingent Liabilities

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor. The grantor may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

9. Jointly Governed Organization

Fairfield Regional Planning Commission. The Village appoints a member of Council to represent the Village on the 47 member board of the Fairfield Regional Planning Commission. The Village pays a small membership fee annually based on the per capita of the Village. There is no ongoing financial responsibility by the Village.

10. Change in Basis of Accounting

For the year ended December 31, 2008, the Village changed its financial presentation comparable to the requirements of Governmental Accounting Standard No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments* to the accounting practices the Auditor of State prescribes or permits. This change did not result in a restatement of the fund balances.

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Mary Taylor, CPA

Auditor of State

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

Village of Amanda
Fairfield County
116 East Main Street
Box 250
Amanda, Ohio 43102-0250

To the Village Council:

We have audited the financial statements of Village of Amanda, Fairfield County, Ohio (the Village) as of and for the years ended December 31, 2009 and 2008 and have issued our report thereon dated September 30, 2010, wherein we noted the Village changed their financial presentation and prepared its financial statements using accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We also noted that the Village uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Village. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

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 a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider finding 2009-001 described in the accompanying schedule of findings 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, 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 instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2009-002 thru 2009-004.

We also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated September 30, 2010.

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

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

September 30, 2010

VILLAGE OF AMANDA
FAIRFIELD COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2009 AND 2008

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

FINDING NUMBER 2009-001

Financial Statement Presentation – Material Weakness

A monitoring system by the Fiscal Officer and Village Council should be in place to prevent or detect material misstatements for the accurate presentation to the Village's financial statements.

The Fiscal Officer did not always accurately post receipts to the Village's accounting system. The following posting errors were noted during Fiscal Year 2008:

- Ohio Public Works Commission (OPWC) loan in the amount of \$125,500, and a \$58,959 OPWC grant were not posted in the accounting records,
- Ohio Water Development Authority (OWDA) loan in the amount of \$221,181 was not posted in the accounting records,
- \$4,798 of additional OWDA loan proceeds and \$7,500 in tap-in fees were inaccurately posted to miscellaneous receipts, and
- \$10,264 of OWDA and OPWC loan principal and interest payments were inaccurately posted as other expenditures.

During Fiscal Year 2009, \$97,177 of OWDA and OPWC loan principal and interest payments were inaccurately posted as other expenditures.

Not posting revenues and expenditures accurately to the ledgers resulted in the financial statements requiring audit adjustments and reclassification entries, including additional time and effort to identify the variances and discrepancies.

Further, the UAN system was not always properly updated to reflect the current investment.

We recommend the Fiscal Officer take steps to ensure the accurate presentation of the financial statements. Transactions should be posted in accordance with procedures and posting guidelines established in the Uniform Accounting Network chart of accounts. By exercising accuracy in recording financial activity, the Village can reduce posting errors and increase the reliability of financial data throughout the year and at year end.

The Village's financial statements and, where applicable, the accounting records have been adjusted to accurately reflect these adjustments.

The Fiscal Officer should review the audit adjustments identified above to ensure that similar errors are not reported in subsequent years. In addition, the Fiscal Officer should review Auditor of State Bulletin 2000-008 that describes the required cash basis accounting procedures for on-behalf grants/loans for improvement projects.

VILLAGE OF AMANDA
FAIRFIELD COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2009 AND 2008
(Continued)

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

FINDING NUMBER 2009-002

Appropriations vs. Estimated Resources

Ohio Rev. Code Section 5705.39 provides that total appropriations from each fund shall not exceed the total of the estimated revenues available for expenditure as certified by the budget commission. In addition, no appropriation measure is to become effective until the county auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official estimate.

Appropriations were in excess of estimated resources at December 31, 2008 as follows:

<u>Fund</u>	<u>Total Appropriations</u>	<u>Total Estimated Resources</u>	<u>Variance</u>
Street Fund	\$86,649	\$64,008	\$22,641
Street Levy Fund	67,922	54,423	13,499
Sewer Fund	72,122	77,778	5,656

In addition, appropriations were in excess of estimated resources in the General Fund by \$1,298 at December 31, 2009.

This could result in the Village expending more money than it receives and could cause possible negative fund balances.

We recommend Council review the Official Amended Certificate of Estimated Resources when passing permanent appropriations to ensure such appropriations do not exceed certified resources for each fund. Also, Council should not authorize appropriations in excess of the certificate of estimated resources.

FINDING NUMBER 2009-003

Expenditures Exceeding Appropriations

Ohio Rev. Code Section 5705.41(B) states no subdivision or taxing unit is to expend money unless it has been appropriated. At December 31, 2008, expenditures exceeded appropriations in the General Fund by \$7,217.

Failure to have adequate appropriation authority in place at the time of expenditure may result in deficit spending.

We recommend the Fiscal Officer request Council to approve increased expenditure levels by amending estimated resources and increasing appropriations when necessary. The Fiscal Officer should not process expenditures that exceed the appropriation limits established by Council.

VILLAGE OF AMANDA
FAIRFIELD COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2009 AND 2008
(Continued)

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

FINDING NUMBER 2009-004

Certification of Funds

Ohio Rev. Code Section 5705.41(D) prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates and super blanket certificates, which are provided for in Sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

1. If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Village can authorize the drawing of a warrant for the payment of the amount due. The Village has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution. "Then and Now" Certificates.

Amounts less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of the expenditures by the Village.

2. *Blanket Certificates.* Fiscal officers may prepare "blanket" certificates if the Village has approved their use and established maximum amounts.
3. *Super Blanket Certificates.* The Village may also make expenditures and contracts for any amount from a specific line item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operation expense. This certification is not to extend beyond the current year. More than one so-called "super blanket" certificate may be outstanding at a particular time for any line item appropriation.

The Village did not certify the availability of funds prior to the purchase commitment for 21% of expenditures tested. For these items, the Village also did not prepare blanket certificates, super blanket certificates or then and now certificates in accordance with the Ohio Revised Code. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

**VILLAGE OF AMANDA
FAIRFIELD COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2009 AND 2008
(Continued)**

<p>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</p>

**FINDING NUMBER 2009-004
(Continued)**

Certification of Funds (Continued)

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Village's funds exceeding budgetary spending limitations, we recommend the Fiscal Officer certify that the funds are or will be available prior to obligation by the Village. When prior certification is not possible, "then and now" certification should be used and approved by Council.

We recommend the Village certify purchases to which Section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language 5705.41(D) requires to authorize disbursements. The Fiscal Officer should sign the certification at the time the Village incurs a commitment, and only when the requirements of 5705.41(D) are satisfied. The Fiscal Officer should post approved purchase commitments to the proper code, to reduce the available appropriations.

We did not receive Official responses to the findings reported above.

**VILLAGE OF AMANDA
FAIRFIELD COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2009 AND 2008**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2007-001	Financial Statement Presentation	No	Repeated as Finding Number 2009-001.
2007-002	Ohio Rev. Code 5705.41(D) - Certification of funds	No	Repeated as Finding Number 2009-004.
2007-003	Ohio Rev. Code 5705.39 - Appropriations exceeding estimated resources	No	Repeated as Finding Number 2009-002.

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Mary Taylor, CPA
Auditor of State

VILLAGE OF AMANDA

FAIRFIELD 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
NOVEMBER 4, 2010**