



Mary Taylor, CPA
Auditor of State

VILLAGE OF AMELIA
CLERMONT COUNTY

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Mary Taylor, CPA
Auditor of State

Village of Amelia
Clermont County
44 West Main St.
Amelia, Ohio 45102

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 government to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. 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

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Auditor of State

July 29, 2010

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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, 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 for the years then ended.

Corporate Centre of Blue Ash / 11117 Kenwood Rd. / Blue Ash, OH 45242
Telephone: (513) 361-8550 (800) 368-7419 Fax: (513) 361-8577
www.auditor.state.oh.us

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village of Amelia, Clermont County, 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.

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 July 29, 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.

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

July 29, 2010

VILLAGE OF AMELIA
CLERMONT COUNTY

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

	Governmental Fund Types				Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Agency	
Cash Receipts:						
Property and Local Taxes	\$132,478	\$926,443	\$0	\$0	\$0	\$1,058,921
Intergovernmental	181,849	303,459	0	0	0	485,308
Charges for Services	56	0	0	0	0	56
Fines, Licenses and Permits	115,637	6,433	0	0	0	122,070
Earnings on Investments	1,837	5	0	0	0	1,842
Miscellaneous	3,606	6,874	0	0	0	10,480
Total Cash Receipts	435,463	1,243,214	0	0	0	1,678,677
Cash Disbursements:						
Current:						
Security of Persons and Property	46,409	593,305	0	0	0	639,714
Public Health Services	13,509	13,432	0	0	0	26,941
Leisure Time Activities	4,072	2,560	0	0	0	6,632
Community Environment	500	0	0	0	0	500
Basic Utility Service	0	143,940	0	0	0	143,940
Transportation	0	256,132	0	0	0	256,132
General Government	349,445	5,826	0	0	0	355,271
Debt Service:						
Redemption of Principal	0	10,000	19,000	0	0	29,000
Interest and Fiscal Charges	0	5,223	500	0	0	5,723
Capital Outlay	0	0	0	5	0	5
Total Cash Disbursements	413,935	1,030,418	19,500	5	0	1,463,858
Total Receipts Over/(Under) Disbursements	21,528	212,796	(19,500)	(5)	0	214,819
Other Financing Receipts / (Disbursements):						
Transfers-In	0	11,626	19,500	0	0	31,126
Transfers-Out	(19,500)	(11,626)	0	0	0	(31,126)
Other Financing Sources	0	0	0	0	76,148	76,148
Other Financing Uses	0	0	0	0	(75,239)	(75,239)
Total Other Financing Receipts / (Disbursements)	(19,500)	0	19,500	0	909	909
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	2,028	212,796	0	(5)	909	215,728
Fund Cash Balances, January 1	14,061	710,424	0	106,400	2,069	832,954
Fund Cash Balances, December 31	\$16,089	\$923,220	\$0	\$106,395	\$2,978	\$1,048,682
Reserve for Encumbrances, December 31	\$1,100	\$3,656	\$0	\$0	\$0	\$4,756

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

**VILLAGE OF AMELIA
CLERMONT COUNTY**

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

	Governmental Fund Types				Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Agency	
Cash Receipts:						
Property and Local Taxes	\$125,600	\$1,072,699	\$0	\$0	\$0	\$1,198,299
Intergovernmental	153,668	303,142	0	0	0	456,810
Charges for Services	6,172	2,686	0	0	0	8,858
Fines, Licenses and Permits	115,454	11,060	0	0	0	126,514
Earnings on Investments	10,117	5,208	0	0	0	15,325
Miscellaneous	4,825	18,938	0	2,249	0	26,012
Total Cash Receipts	415,836	1,413,733	0	2,249	0	1,831,818
Cash Disbursements:						
Current:						
Security of Persons and Property	78,953	845,391	0	0	0	924,344
Public Health Services	12,167	16,446	0	0	0	28,613
Leisure Time Activities	26,877	34,694	0	0	0	61,571
Community Environment	6,601	0	0	0	0	6,601
Basic Utility Service	0	219,962	0	0	0	219,962
Transportation	0	254,792	0	0	0	254,792
General Government	502,304	10,438	0	0	0	512,742
Debt Service:						
Redemption of Principal	0	0	24,780	0	0	24,780
Interest and Fiscal Charges	0	0	6,765	0	0	6,765
Capital Outlay	0	0	0	23,487	0	23,487
Total Cash Disbursements	626,902	1,381,723	31,545	23,487	0	2,063,657
Total Receipts Over/(Under) Disbursements	(211,066)	32,010	(31,545)	(21,238)	0	(231,839)
Other Financing Receipts / (Disbursements):						
Sale of Fixed Assets	175,450	0	0	0	0	175,450
Transfers-In	0	10,238	31,545	0	0	41,783
Transfers-Out	(34,429)	(7,354)	0	0	0	(41,783)
Advances-In	9,700	9,700	0	0	0	19,400
Advances-Out	(9,700)	(9,700)	0	0	0	(19,400)
Other Financing Sources	0	200,180	0	0	109,378	309,558
Other Financing Uses	(11,829)	0	0	0	(108,550)	(120,379)
Total Other Financing Receipts / (Disbursements)	129,192	203,064	31,545	0	828	364,629
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(81,874)	235,074	0	(21,238)	828	132,790
Fund Cash Balances, January 1	95,935	475,350	0	127,638	1,241	700,164
Fund Cash Balances, December 31	\$14,061	\$710,424	\$0	\$106,400	\$2,069	\$832,954

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

**VILLAGE OF AMELIA
CLERMONT 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 Amelia, Clermont 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, maintenance of village roads and bridges, park operations, and police services. The Village contracts with Union Township to provide fire protection and EMS services.

The Village participates in the Public Entities Pool of Ohio (PEP) public entity risk pool, a risk-sharing pool available to Ohio local governments. Note 7 to the financial statements provides additional information for this entity.

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.

Money market mutual funds (including STAR Ohio) are recorded at share values the mutual funds report.

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.

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:

**VILLAGE OF AMELIA
CLERMONT COUNTY**

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

1. Summary of Significant Accounting Policies (Continued)

Police District Fund - This fund receives property tax money to fund police protection services for the Village.

Fire Protection Fund – This fund receives property tax money to fund fire and EMS services for the Village.

3. Debt Service Funds

These funds account for resources the Village accumulates to pay bond and note debt. The Village had the following significant Debt Service Funds:

Service Facility Debt Service Fund – This fund receives general operating money to pay principal and interest obligations of the debt associated with the Service Facility project.

Miscellaneous Debt Service Fund – This fund receives general operating money to pay principal and interest obligations on notes.

4. Capital Project Funds

These funds account for receipts restricted to acquiring or constructing major capital projects (except those financed through enterprise or trust funds). The Village had the following significant capital project funds:

Main Street/Woodlands Dr. Improvement Fund – This fund received money from a developer to pursue the installation of a traffic light at the intersection of Main Street and Woodlands Dr.

5. Fiduciary Funds

Fiduciary funds include private purpose trust funds and agency funds. Trust funds account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs. The Village does not have any private purpose trust funds.

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village disburses these funds as directed by the individual, organization or other government. The Village's agency fund accounts for monies that are received and disbursed by the Mayor's Court.

E. Budgetary Process

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

VILLAGE OF AMELIA
CLERMONT COUNTY

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

1. Summary of Significant Accounting Policies (Continued)

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. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

2. Estimated Resources

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

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when individual commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated. 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 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:

	2009	2008
Demand deposits	\$372,156	\$531,903
STAR Ohio	676,526	301,051
Total deposits and investments	<u>\$1,048,682</u>	<u>\$832,954</u>

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

Investments: Investments in STAR Ohio and mutual funds are not evidenced by securities that exist in physical or book-entry form.

**VILLAGE OF AMELIA
CLERMONT COUNTY**

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

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	\$439,398	\$435,463	(\$3,935)
Special Revenue	1,242,344	1,254,840	12,496
Debt Service	19,500	19,500	0
Capital Projects	0	0	0
Total	\$1,701,242	\$1,709,803	\$8,561

2009 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$471,532	\$434,535	\$36,997
Special Revenue	1,949,592	1,045,700	903,892
Debt Service	30,034	19,500	10,534
Capital Projects	106,400	5	106,395
Total	\$2,557,558	\$1,499,740	\$1,057,818

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$722,146	\$591,286	(\$130,860)
Special Revenue	1,391,193	1,624,151	232,958
Debt Service	132,454	31,545	(100,909)
Capital Projects	2,060	2,249	189
Total	\$2,247,853	\$2,249,231	\$1,378

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$798,066	\$673,160	\$124,906
Special Revenue	1,870,560	1,389,077	481,483
Debt Service	132,454	31,545	100,909
Capital Projects	129,208	23,487	105,721
Total	\$2,930,288	\$2,117,269	\$813,019

Contrary to Ohio law, appropriation authority exceeded actual resources in the General fund by \$13,317 and in the Permissive MVL fund by \$3,818 for the year ended December 31, 2009. Appropriation authority exceeded actual resources in the General fund by \$106,169, in the Police District fund by \$19,125, and in the Service Facility Debt Service fund by \$100,220 for the year ended December 31, 2008.

**VILLAGE OF AMELIA
CLERMONT COUNTY**

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

3. Budgetary Activity (Continued)

Also contrary to Ohio law, appropriation authority exceeded budgeted receipts in the General fund by \$13,396, in the Police District fund by \$7,205, in the Permissive MVL fund by \$3,818, and in the Service Facility Debt fund by \$10,534 for the year ended December 31, 2009.

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.

5. Debt

Debt outstanding at December 31, 2009 was as follows:

	Principal	Interest Rate
Bond Anticipation Notes (2009) - Third Renewal	\$90,000	5.6%
Total	\$90,000	

The Village issued bond anticipation notes in 2007 in the amount of \$105,000. The notes were renewed in 2008 for \$100,000 and renewed again in 2009 for \$90,000. The proceeds of the notes were used to construct a service facility for the purpose of storing salt and other road-related purposes. The proceeds of the notes were paid into the Village's Service Facility Construction fund.

The Village's taxing authority collateralized the notes.

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

	Bond Anticipation Notes
Year ending December 31:	
2010	\$95,040
Total	\$95,040

**VILLAGE OF AMELIA
CLERMONT COUNTY**

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

6. Retirement Systems

The Village's full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). Other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plans. 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, OP&F participants contributed 10% of their wages. For 2009 and 2008, the Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. 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.

7. Risk Management

The Village is exposed to various risks of property and casualty losses, and injuries to employees.

The Village insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

The Village belongs to the Public Entities Pool of Ohio (PEP), a risk-sharing pool available to Ohio local governments. PEP provides property and casualty coverage for its members. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member governments pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2008, PEP retained \$350,000 for casualty claims and \$100,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective government.

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

Financial Position

PEP's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2008 and 2007 (the latest information available):

**VILLAGE OF AMELIA
CLERMONT COUNTY**

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

7. Risk Management (Continued)

	<u>2008</u>	<u>2007</u>
Assets	\$35,769,535	\$37,560,071
Liabilities	<u>(15,310,206)</u>	<u>(17,340,825)</u>
Net Assets	<u>\$20,459,329</u>	<u>\$20,219,246</u>

At December 31, 2008 and 2007, respectively, the liabilities above include approximately \$13.8 million and \$15.9 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$12.9 million and \$15.0 million of unpaid claims to be billed to approximately 445 member governments in the future, as of December 31, 2008, and 2007, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Village's share of these unpaid claims collectible in future years is approximately \$12,000.

Based on discussions with PEP, the expected rates PEP charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to PEP for each year of membership.

<u>Contributions to PEP</u>	
2008	\$12,929
2009	\$12,587

After completing one year of membership, members may withdraw on each anniversary of the date they joined PEP provided they provide written notice to PEP 60 days in advance of the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to PEP. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

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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 Amelia
Clermont County
44 West Main Street
Amelia, Ohio 45102

To the Village Council:

We have audited the financial statements of the Village of Amelia, Clermont County, Ohio (the Village), as of and for the years ended December 31, 2009 and 2008, and have issued our report thereon dated July 29, 2010 wherein we noted the Village prepared its financial statements using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. We also noted 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 certain deficiencies in internal control over financial reporting, that we consider material weaknesses.

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 2009-004 described in the accompanying schedule of findings 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 2009-001 through 2009-006.

We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated July 29, 2010.

The Village's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the Village's responses and, accordingly, we express no opinion on them.

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.



Mary Taylor, CPA
Auditor of State

July 29, 2010

VILLAGE OF AMELIA
CLERMONT 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

Noncompliance Citation

Ohio Rev. Code, Section 5705.41(D)(1), requires that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the obligation 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. This certificate need be signed only by the subdivision's fiscal officer. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon.

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. "Then and Now" Certificate – 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.

Amounts of 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 expenditures by the Village.

2. Blanket Certificate – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. Super Blanket Certificate – 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 operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

The availability of funds was not certified prior to the time of commitment for 20% of expenditures tested in 2008 and 73% of the expenditures tested in 2009, nor did the Village use the aforementioned exceptions. Every effort should be made by the Village to properly utilize the encumbrance method of accounting by certifying funds on purchase orders. Failure to properly encumber could result in overspending funds and negative cash fund balances.

**FINDING NUMBER 2009-001
 (Continued)**

Unless the Village uses the exceptions noted above, prior certification is not only required by statute but also 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 that the Fiscal Officer certify that 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.

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 appropriation code, to reduce the available appropriation.

Officials' response:

The Village has taken care of the problem by using blanket certificates for the majority of expenditures. In instances where purchase orders are required department heads are now requesting purchase orders in advance so that all expenditures are certified by the fiscal officer in advance.

FINDING NUMBER 2009-002

Noncompliance Citation

Ohio Rev. Code, Section 5705.39, provides that the total appropriations from each fund shall not exceed the total estimated revenue. No appropriation measure shall 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.

The following funds had appropriations exceeding estimated resources in the year listed.

Year Ended December 31, 2009	Appropriations	Estimated Resources	Variance
General Fund	\$471,532	\$458,136	(\$13,396)
Police District Fund	617,895	610,690	(7,205)
Permissive MVL Fund	50,726	46,908	(3,818)
Service Facility Debt Service Fund	10,534	0	(10,534)

We recommend the Village use due care in monitoring their budgetary documents since these documents are an integral part of the budgetary control process. The Village should integrate the budgetary documents into the UAN system. Failure to properly monitor budgetary activity could result in negative fund balances. We recommend that the Village monitor budgetary activity on a regular basis and obtain amended certificates as needed.

Officials' response:

The fiscal officer will monitor appropriations on a regular basis and lower appropriations where necessary prior to year's end.

FINDING NUMBER 2009-003

Noncompliance Citation

Ohio Rev. Code, Section 5705.36(A)(4), states that upon a determination by the fiscal officer of a subdivision that revenue to be collected by the subdivision will be less than the amount included in an official certificate and that the amount of the deficiency will reduce available resources below the level of current appropriations, the fiscal officer shall certify the amount of the deficiency to the commission, and the commission shall certify an amended certificate reflecting the deficiency.

The Village did not request reduced amended certificates as required during the audit period. The amount of the deficiency reduced available resources below the level of current appropriations as follows:

Fund	Available Resources	Appropriations	Variance (Appropriations in Excess of Available Resources)
2008 General Fund	\$691,897	\$798,066	\$(106,169)
2008 Police District Fund	535,967	555,092	(19,125)
2008 Service Facility Debt Service Fund	10,534	110,754	(100,220)
2009 General Fund	458,215	471,523	(13,317)
2009 Permissive MVL	46,908	50,726	(3,818)

Allowing estimated receipts to exceed actual receipts resulted in appropriations in excess of available resources, and could result in negative fund balances. We recommend management of the Village monitor estimated receipts to actual receipts and determine when amendments need to be made.

Officials' response:

The fiscal officer will monitor revenues on a regular basis and will request an amended certificate of resources prior to year's end when necessary.

FINDING NUMBER 2009-004

Noncompliance Citation/Material Weakness

Ohio Rev. Code, Section 733.28, requires, in part, that the Village fiscal officer shall keep the books of the village and exhibit accurate statements of all moneys received and expended.

During testing of receipts and disbursements we noted the following conditions:

- In 2008 the Village posted \$64,980 in Homestead & Rollback receipts to the Street Maintenance, Construction, & Repair fund and the State Highway fund rather than posting to the General fund, Police District fund, Fire fund, and Waste Levy fund.
- The Village did not allocate correctly 2008 and certain 2009 gas tax receipts 92.5% to the Street Maintenance, Construction & Repair fund and 7.5% to the State Highway fund as required by the Revised Code. Instead the Village allocated 92.5% to the State Highway fund and 7.5% to the Street Maintenance, Construction & Repair fund resulting in adjustments of \$25,646 in 2008 and \$10,399 in 2009. Additionally, the Village posted \$8,583 in 2008 and \$4,014 in 2009 in gas tax receipts to the General fund and \$3,778 in gas tax receipts to the Permissive MVL fund in 2009.

FINDING NUMBER 2009-004
(Continued)

- The Village incorrectly classified gas tax receipts of \$4,898 in 2008 and \$8,411 in 2009 as tax receipts instead of intergovernmental receipts.
- In 2009 the Village posted \$13,735 in property tax receipts to the Police District fund that were due to the Fire fund.
- The Village did not allocate correctly certain 2008 MVL receipts 92.5% to the Street Maintenance, Construction & Repair fund and 7.5% to the State Highway fund as required by the Revised Code. Instead the Village allocated 92.5% to the State Highway fund and 7.5% to the Street Maintenance, Construction & Repair fund resulting in an adjustment of \$5,811 in 2008. Additionally, the Village posted \$666 in MVL receipts to the Permissive MVL fund in 2009.
- The Village posted Permissive MVL receipts in the amount of \$1,488 in 2008 and \$6,867 in 2009 to the Street Maintenance, Construction & Repair fund instead of the Permissive MVL fund; and posted Permissive MVL receipts in the amount of \$3,817 in 2008 and \$524 in 2009 to the State Highway fund instead of the Permissive MVL fund.
- The Village incorrectly classified Permissive MVL receipts from Clermont County as tax receipts rather than intergovernmental receipts during the audit period. (\$21,079 in 2008 and \$20,883 in 2009).
- The Village incorrectly posted in 2008 various intergovernmental receipts totaling \$11,220 in the General fund and \$15,299 in the Special Revenue funds including SB 287/3 electric deregulation reimbursement, HB 66 tangible personal property reimbursement, estate tax, and the personal property exemption as tax receipts.
- The Village incorrectly posted in 2009 various intergovernmental receipts totaling \$5,218 in the General fund including HB 66 TPP reimbursement, estate tax, and local government receipts as tax receipts.
- In 2008 the Village incorrectly classified \$1,011 in interest payments for Village debt as principal payments, and in 2009 the Village incorrectly classified \$15,223 in principal and interest payments as Transportation expenditures.
- In 2008 the Village incorrectly classified \$200,180 in proceeds from the sale of stock as earnings on investment instead of other financing sources.
- Various general government expenditures including expenditures for legal fees, office supplies, UAN fees, phone and internet service, legal notices, water service, and catering were classified as other financing uses rather than the appropriate expenditure line item during the audit period. These expenditures totaled \$11,163 in 2008 and \$24,120 in 2009.

As a result of these errors, the Village reported materially incorrect receipts/disbursements for certain line items and fund balances on their financial statements. The Village has recorded material audit adjustments to the financial statements and accounting records where appropriate. These adjustments resulted in a State Highway fund negative fund balance at December 31, 2009. We recommend that the Village exercise due care when posting receipts and disbursements to prevent errors and promote accurate financial statements.

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

Officials response:

The new fiscal officer will ensure that all receipts are recorded correctly in the UAN system.

FINDING NUMBER 2009-005

Noncompliance Citation

Ohio Rev. Code, Section 5705.10(H), provides that monies paid into any fund shall be used only for the purpose for which such fund is established. The State Highway fund had a negative fund balance of (\$32,990.47) at December 31, 2009. From the facts below the deficit balance indicates money from this fund was used to cover the expenses of other funds, contrary to law.

The negative fund balance was created due to large amounts of receipts being incorrectly posted to the State Highway fund during the audit period that were subsequently moved out of the State Highway fund and into the correct funds through audit adjustments.

We recommend that the Village exercise due care when posting receipts to prevent errors that can ultimately lead to negative fund balances.

Officials response:

The Village has cancelled all appropriations and purchase orders associated with fund 2021. The plan to return fund 2021 to a positive balance includes not expending any money from the fund and allowing future receipts to return the fund to a positive balance. In the event the fund 2021 would still carry a negative balance at the end of 2011 the village intends to transfer sufficient funds from the general fund to bring fund 2021 back to a positive balance prior to the end of the year.

FINDING NUMBER 2009-006

Noncompliance Citation

Ohio Rev. Code, Section 1905.21, states in part that the Mayor shall account for and dispose of all fines, forfeitures, fees, and costs he collects, including all such fines, forfeitures, fees and costs that are transferred to him by a mayor's court magistrate, as provided in section 733.40 of the Revised Code.

The following conditions, effects and recommendations relate to the Mayor's Court:

- The reconciling process should reconcile the bank balance to the Mayor's Court book balance by documenting differences between those balances caused by transactions recorded in one set of records but not the other. Examples of such transactions include outstanding checks, deposits and transits, and fees. Monthly reconciliations of the Mayor's Court bank account were performed during the audit period however they were not complete. An open items listing was not maintained to support how the balance in the Mayor's Court bank account was to be distributed, and as a result there is an unknown balance being carried in the Mayor's Court bank account. The open items listing should include any receipts deposited into the Mayor's Court bank account during the month that have not been distributed to the appropriate party by month end. This may include partial amounts of restitution received or payments made on cases that have not appeared before the magistrate. Failure to perform the complete reconciliation process can result in undetected errors or misappropriation of funds. Reconciliations should be performed monthly and documented; this can be done utilizing the format shown on the back of the monthly bank statements.

**FINDING NUMBER 2009-006
(Continued)**

- Postings to the cashbook should be made from the detail recorded in the receipt books. The daily deposit should correspond to transactions posted that day and check numbers should be indicated for all disbursements to enable the court to determine if items posted are in balance. The cashbook had the following deficiencies:
 - Some receipts that were posted to the cashbook were not distributed to the Village/State.
 - Some receipts were deposited into the Mayor's Court bank account but were not recorded in the cashbook and therefore were not distributed.

Lack of a properly maintained cashbook makes reconciliations difficult, does not document details that are necessary for future court use and increases the probability that errors or misappropriation of funds will go undetected. The Mayor should review the receipt books and cashbook monthly to verify all receipts are posted to the cashbook and properly distributed.

- The Village currently uses a partially automated mayor's court accounting system. The system allows the Village to input cases and payments received on cases, but does not track the distribution of the payments received. Therefore, the court clerk also keeps a manual cashbook to track the distribution of receipts. Using a partially automated system not only creates duplication of receipt postings for the court clerk but increases the probability of errors being made when posting receipts and distributing them. The Village should use either a fully integrated mayor's court computer system or a completely manual cashbook.

Officials' response:

The village is in the process of creating detailed spreadsheets to assist in the manual portion of the record keeping to ensure complete accurateness of the mayor's account.

**VILLAGE OF AMELIA
CLERMONT 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	ORC 9.38 – not depositing timely	No	Partially corrected; moved to management letter.
2007-002	ORC 5705.39- appropriations exceeding estimated revenue.	No	Repeated as Finding 2009-002.
2007-003	ORC 1905.21- mayor's court collections	No	Partially corrected; repeated as Finding 2009-006.
2007-004	ORC 733.40 and 2743.70 (A)(1) – mayor's court distributions	No	Partially corrected; moved to management letter.



Mary Taylor, CPA
Auditor of State

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 24, 2010