



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**VILLAGE OF AMSTERDAM
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REPORT OF INDEPENDENT ACCOUNTANTS

Village of Amsterdam
Jefferson County
PO Box 115
102 Springfield Street
Amsterdam, Ohio 43903

To the Village Council:

We have audited the accompanying financial statements of the Village of Amsterdam, Jefferson County, Ohio, (the Village) as of and for the years ended December 31, 1999 and December 31, 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 December 31, 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 June 9, 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 the audit committee, management, and 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

June 9, 2000

**VILLAGE OF AMSTERDAM
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, 1999**

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Agency</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$19,420	\$12,261		\$31,681
Intergovernmental Receipts	35,077	26,459		61,536
Fines, Licenses, and Permits	9,262			9,262
Miscellaneous	4,269			4,269
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Receipts	68,028	38,720		106,748
Cash Disbursements:				
Current:				
Security of Persons and Property	21,254	6,392		27,646
Public Health Services	414			414
Leisure Time Activities		3,634		3,634
Transportation		11,715		11,715
General Government	23,290	1,735		25,025
Debt Service:				
Principal Payments		3,382		3,382
Capital Outlay		19,840		19,840
	<hr/>	<hr/>	<hr/>	<hr/>
Total Cash Disbursements	44,958	46,698		91,656
Total Receipts Over/(Under) Disbursements	<hr/>	<hr/>	<hr/>	<hr/>
	23,070	(7,978)		15,092
Other Financing Receipts/(Disbursements):				
Transfers-In		6,500		6,500
Other Sources			\$5,427	5,427
Transfers-Out	(6,500)			(6,500)
Other Uses	(500)		(5,427)	(5,927)
	<hr/>	<hr/>	<hr/>	<hr/>
Total Other Financing Receipts/(Disbursements)	(7,000)	6,500		(500)
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<hr/>	<hr/>	<hr/>	<hr/>
	16,070	(1,478)		14,592
Fund Cash Balances January 1	<hr/>	<hr/>	<hr/>	<hr/>
	35,437	7,020		42,457
Fund Cash Balances, December 31	<hr/>	<hr/>	<hr/>	<hr/>
	\$51,507	\$5,542		\$57,049

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

**VILLAGE OF AMSTERDAM
 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, 1998**

	<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Agency</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$17,751	\$11,204		\$28,955
Intergovernmental Receipts	42,874	20,188		63,062
Fines, Licenses, and Permits	7,071			7,071
Miscellaneous	6,133	38		6,171
	<u>73,829</u>	<u>31,430</u>		<u>105,259</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	20,566	5,892		26,458
Public Health Services	303			303
Leisure Time Activities		3,854		3,854
Transportation		35,784		35,784
General Government	27,310	2,842		30,152
Debt Service:				
Principal Payments	20,221	3,382		23,603
Capital Outlay		4,229		4,229
	<u>68,400</u>	<u>55,983</u>		<u>124,383</u>
Total Receipts Over/(Under) Disbursements	<u>5,429</u>	<u>(24,553)</u>		<u>(19,124)</u>
Other Financing Receipts/(Disbursements):				
Transfers-In		26,000		26,000
Other Sources			\$5,951	5,951
Transfers-Out	(26,000)			(26,000)
Other Uses	(6,546)	(2,170)	(6,184)	(14,900)
	<u>(32,546)</u>	<u>23,830</u>	<u>(233)</u>	<u>(8,949)</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(27,117)	(723)	(233)	(28,073)
Fund Cash Balances January 1	<u>62,554</u>	<u>7,743</u>	<u>233</u>	<u>70,530</u>
Fund Cash Balances, December 31	<u>\$35,437</u>	<u>\$7,020</u>		<u>\$42,457</u>

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

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Amsterdam, Jefferson County, (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides police, recreation, and street maintenance services. The Village contracts with the Amsterdam Volunteer Fire Department for fire protection services.

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

B. Basis of Accounting

These financial statements follow the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as prescribed or permitted by the Auditor of State.

C. Cash and Investments

Certificates of deposit are valued at cost.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or disbursements, respectively.

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 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 Fund

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.

Allensworth Park Fund - This fund received a nature work state grant for the construction of a small Village park.

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Fiduciary Fund (Agency Fund)

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Village to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund. Other trust funds are classified as expendable. Funds for which the Village is acting in an agency capacity are classified as agency funds. The Village had the following significant fiduciary fund:

Mayor's Court Fund - This fund accounts for the receipts and disbursements of Mayor's Court.

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, 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) plus unencumbered cash. 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. Encumbrances outstanding at year end are canceled, and reappropriated in the subsequent year. The Village did not encumber all commitments required by Ohio law.

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.

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

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

2. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)

	1999	1998
Demand deposits	\$ 33,479	\$ 13,808
Certificates of deposit	23,570	28,649
Total deposits	\$ 57,049	\$ 42,457

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

3. BUDGETARY ACTIVITY

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

1999 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 63,358	\$ 68,028	\$ 4,670
Special Revenue	44,767	45,220	453
Total	\$ 108,125	\$ 113,248	\$ 5,123

1999 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 98,294	\$ 51,958	\$ 46,336
Special Revenue	51,207	46,698	4,509
Total	\$ 149,501	\$ 98,656	\$ 50,845

1998 Budgeted vs. Actual Receipts

Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 102,474	\$ 73,829	\$ (28,645)
Special Revenue	57,820	57,430	(390)
Total	\$ 160,294	\$ 131,259	\$ (29,035)

1998 Budgeted vs. Actual Budgetary Basis Expenditures

Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 163,175	\$ 100,946	\$ 62,229
Special Revenue	65,563	58,153	7,410
Total	\$ 228,738	\$ 159,099	\$ 69,639

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

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Village Council. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, 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, 1999 was as follows:

	Principal	Interest Rate
Truck Lease	\$ 836	6.50%

The lease is for the Village pick-up truck. The lease is due to be paid in full on February 28, 2000 with a scheduled payment, including interest, of \$844.

6. RETIREMENT SYSTEM

The Village's employees belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement 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 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.

7. RISK MANAGEMENT

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability
- Vehicles
- Errors and omissions
- Public official's liability

8. COMPLIANCE

The Village did not encumber as required by Ohio revised Code Section 5205.41 (D), or use purchase orders as required by Ohio Administrative Code 117-5-13.



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

Village of Amsterdam
Jefferson County
PO Box 115
102 Springfield Street
Amsterdam, Ohio 43903

To the Village Council:

We have audited the accompanying financial statements of the Village of Amsterdam, Jefferson County, Ohio (the Village), as of and for the years ended December 31, 1999 and December 31, 1998, and have issued our report thereon dated June 9, 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*. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards*. These instances of noncompliance are described in the accompanying schedule of findings as items number 1999-31241-001 and 1999-31241-002. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated June 9, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered 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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. 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. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we 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 June 9, 2000.

This report is intended for the information and use of the audit committee, 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", written in a cursive style.

Jim Petro
Auditor of State

June 9, 2000

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

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 1999-31241-001

1. **Ohio Revised Code § 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 required, upon receipt of the fiscal officer's certificate that a sufficient sum was appropriated and free of any previous encumbrances, 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, if such expenditure is otherwise valid.
- B. If the amount involved is less than one thousand dollars, the fiscal officer may authorize it to be paid without the affirmation of Council.

During 1999 and 1998 the liabilities, contracts, and open purchase commitments tested were not certified by the Clerk and were not encumbered until the time of payment. The Village did not use Then and Now certificates and these commitments were not subsequently approved by Council within the aforementioned 30 day time period.

Expenditures should be encumbered and properly certified before making a purchase or entering into a contract. This would help to ensure expenditures are properly recorded and presented.

FINDING NUMBER 1999-31241-002

1. **Ohio Administrative Code § 117-5-13** provides that each village must use purchase orders, as prescribed, for all expenditures.

The Village did not use purchase orders as required.

The Village should use purchase orders for all expenditures. This would help to ensure expenditures are properly recorded and presented.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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VILLAGE OF AMSTERDAM

JEFFERSON COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JULY 25, 2000**