



**Auditor of State  
Betty Montgomery**



VILLAGE OF AMESVILLE  
ATHENS COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 2002.....	3
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – Proprietary and Similar Fiduciary Fund Type – For the Year Ended December 31, 2002.....	4
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – All Governmental Fund Types – For the Year Ended December 31, 2001.....	5
Combined Statement of Cash Receipts, Cash Disbursements, and Changes in Fund Cash Balances – Proprietary and Similar Fiduciary Fund Type – For the Year Ended December 31, 2001.....	6
Notes to the Financial Statements.....	7
Schedule of Federal Awards Expenditures.....	13
Notes to the Schedule of Federal Awards Expenditures.....	14
Independent Accountants' Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i> .....	15
Independent Accountants' Report on Compliance with Requirements Applicable to Each Major Federal Program and Internal Control Over Compliance in Accordance With OMB Circular A-133.....	17
Schedule of Findings – <i>OMB Circular A-133 §.505</i> .....	19
Schedule of Prior Audit Findings – <i>OMB Circular A-133 §.315(b)</i> .....	23

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Village of Amesville  
Athens County  
P.O. Box 190  
Amesville, Ohio 45711-0190

To the Village Council:

We have audited the accompanying financial statements of the Village of Amesville, Athens County, Ohio (the Village), as of and for the years ended December 31, 2002 and 2001. 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.

Except as described in the following paragraph, 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 *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.

The Village did not provide sufficient records, documents, and other evidential matter to support the completeness of the 2001 water operating receipts, which were recorded as \$23,907 in Charges for Services in the Combined Enterprise Fund financial statement.

As described 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, except for the effect of such adjustments, if any, as might have been necessary had we been able to examine the evidence regarding water operating receipts for 2001, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village of Amesville, Athens County, as of December 31, 2002 and 2001, 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 March 31, 2003, 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. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The Schedule of Federal Awards Expenditures is presented for additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. We subjected this information to the auditing procedures applied in the audit of the financial statements. In our opinion, it is fairly stated, in all material respects, in relation to the financial statements taken as a whole.

This report is intended solely for the information and use of the management, the Village Council and other officials authorized to receive this report under Section 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 that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

March 31, 2003

**VILLAGE OF AMESVILLE  
ATHENS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Property Tax and Other Local Taxes	\$ 11,100	\$ 5,142	\$	\$ 16,242
Intergovernmental Receipts	12,907	119,855	200,000	332,762
Fines, Licenses, and Permits	3,000			3,000
Earnings on Investments	2,267	186		2,453
Miscellaneous	742	4,286		5,028
	<u>30,016</u>	<u>129,469</u>	<u>200,000</u>	<u>359,485</u>
<b>Total Cash Receipts</b>				
<b>Cash Disbursements:</b>				
Current:				
Security of Persons and Property	9,211	2,812		12,023
Public Health Services	778			778
Leisure Time Activities		7,087		7,087
Community Environment		111,220		111,220
Basic Utility Services		4,485		4,485
Transportation		799		799
General Government	19,594	8,382		27,976
Capital Outlay		2,610	207,062	209,672
	<u>29,583</u>	<u>137,395</u>	<u>207,062</u>	<u>374,040</u>
<b>Total Cash Disbursements</b>				
Total Cash Receipts Over/(Under) Cash Disbursements	<u>433</u>	<u>(7,926)</u>	<u>(7,062)</u>	<u>(14,555)</u>
<b>Other Financing Receipts and (Disbursements):</b>				
Transfers-In		1,052		1,052
Transfers-Out	(2,900)			(2,900)
	<u>(2,900)</u>	<u>1,052</u>	<u>0</u>	<u>(1,848)</u>
<b>Total Other Financing Receipts/(Disbursements)</b>				
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(2,467)	(6,874)	(7,062)	(16,403)
Fund Cash Balances, January 1	24,404	63,027	7,062	94,493
<b>Fund Cash Balances, December 31</b>	<b><u>\$ 21,937</u></b>	<b><u>\$ 56,153</u></b>	<b><u>\$ 0</u></b>	<b><u>\$ 78,090</u></b>

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

**VILLAGE OF AMESVILLE  
ATHENS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2002**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$ 24,254	\$	\$ 24,254
Total Operating Cash Receipts	<u>24,254</u>	<u>0</u>	<u>24,254</u>
<b>Operating Cash Disbursements:</b>			
Personal Services	9,562		9,562
Fringe Benefits	1,534		1,534
Contractual Services	6,804		6,804
Supplies and Materials	1,976		1,976
Miscellaneous	105		105
Total Operating Cash Disbursements	<u>19,981</u>	<u>0</u>	<u>19,981</u>
Operating Income/(Loss)	<u>4,273</u>	<u>0</u>	<u>4,273</u>
<b>Non-Operating Cash Receipts:</b>			
Other Financing Sources		3,890	3,890
Total Non-Operating Cash Receipts	<u>0</u>	<u>3,890</u>	<u>3,890</u>
<b>Non-Operating Cash Disbursements:</b>			
Other Non-Operating Cash Disbursements		3,925	3,925
Total Non-Operating Cash Disbursements	<u>0</u>	<u>3,925</u>	<u>3,925</u>
Excess of Cash Receipts Over/(Under) Cash Disbursements Before Interfund Transfers and Advances	4,273	(35)	4,238
Transfers-In	1,848		1,848
Net Receipts Over/(Under) Disbursements	6,121	(35)	6,086
Fund Cash Balances, January 1	44,555	226	44,781
<b>Fund Cash Balances, December 31</b>	<b><u>\$ 50,676</u></b>	<b><u>\$ 191</u></b>	<b><u>\$ 50,867</u></b>

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

**VILLAGE OF AMESVILLE  
ATHENS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES  
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Governmental Fund Types</u>			<b>Totals (Memorandum Only)</b>
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
<b>Cash Receipts:</b>				
Property Tax and Other Local Taxes	\$ 12,100	\$ 5,262	\$	\$ 17,362
Municipal Income Tax		433		433
Intergovernmental Receipts	10,689	180,784	10,000	201,473
Charges for Services		20,113		20,113
Fines, Licenses, and Permits	7,300			7,300
Earnings on Investments	4,801	1,902		6,703
Miscellaneous	1,227	4,560		5,787
	<u>36,117</u>	<u>213,054</u>	<u>10,000</u>	<u>259,171</u>
<b>Cash Disbursements:</b>				
Current:				
Security of Persons and Property	11,255	18,597		29,852
Public Health Services	549			549
Leisure Time Activities		3,398		3,398
Community Environment		316,151		316,151
Transportation		20,980		20,980
General Government	21,000	11,545		32,545
Capital Outlay			2,938	2,938
	<u>32,804</u>	<u>370,671</u>	<u>2,938</u>	<u>406,413</u>
Total Cash Receipts Over/(Under) Cash Disbursements	<u>3,313</u>	<u>(157,617)</u>	<u>7,062</u>	<u>(147,242)</u>
<b>Other Financing Receipts and (Disbursements):</b>				
Other Financing Uses		(62,912)		(62,912)
Transfers-In		22,894		22,894
Advances-In		2,938	2,938	5,876
Transfers-Out	(24,386)			(24,386)
Advances-Out		(2,938)	(2,938)	(5,876)
	<u>(24,386)</u>	<u>(40,018)</u>	<u>0</u>	<u>(64,404)</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(21,073)	(197,635)	7,062	(211,646)
Fund Cash Balances, January 1 (As restated - see Note 6)	45,477	260,662		306,139
<b>Fund Cash Balances, December 31</b>	<b><u>\$ 24,404</u></b>	<b><u>\$ 63,027</u></b>	<b><u>\$ 7,062</u></b>	<b><u>\$ 94,493</u></b>

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

**VILLAGE OF AMESVILLE  
ATHENS COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND  
CHANGES IN FUND CASH BALANCES - PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPE  
FOR THE YEAR ENDED DECEMBER 31, 2001**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Agency</u>	
<b>Operating Cash Receipts:</b>			
Charges for Services	\$ 23,907	\$	\$ 23,907
Total Operating Cash Receipts	<u>23,907</u>	<u>0</u>	<u>23,907</u>
<b>Operating Cash Disbursements:</b>			
Personal Services	9,921		9,921
Fringe Benefits	1,665		1,665
Contractual Services	7,164		7,164
Supplies and Materials	7,996		7,996
Miscellaneous	70		70
Total Operating Cash Disbursements	<u>26,816</u>	<u>0</u>	<u>26,816</u>
Operating Income/(Loss)	<u>(2,909)</u>	<u>0</u>	<u>(2,909)</u>
<b>Non-Operating Cash Receipts:</b>			
Other Financing Sources		7,548	7,548
Special Assessments	74		74
Total Non-Operating Cash Receipts	<u>74</u>	<u>7,548</u>	<u>7,622</u>
<b>Non-Operating Cash Disbursements:</b>			
Other Non-Operating Cash Disbursements		9,130	9,130
Total Non-Operating Cash Disbursements	<u>0</u>	<u>9,130</u>	<u>9,130</u>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	(2,835)	(1,582)	(4,417)
Transfers-In	1,492		1,492
Net Receipts Over/(Under) Disbursements	(1,343)	(1,582)	(2,925)
Fund Cash Balances, January 1 (As restated - see Note 6)	45,898	1,808	47,706
<b>Fund Cash Balances, December 31</b>	<b><u>\$ 44,555</u></b>	<b><u>\$ 226</u></b>	<b><u>\$ 44,781</u></b>

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

**VILLAGE OF AMESVILLE  
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Village of Amesville, Athens 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 and Mayor, and an appointed Chief Fiscal Officer. The Village provides police services, fire protection services, maintenance of Village streets and highways, and water utility 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**

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. Certificates of deposit are valued 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 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:

*Flood Mitigation Grant Program* Fund - This fund receives federal grant money designed to solve the Village's problems of repeated flooding and damage to housing stock, business, community organizations, and Village services.

**VILLAGE OF AMESVILLE  
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Fund Accounting (Continued)**

**3. Capital Project Funds**

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise funds). The Village had the following significant capital project funds:

*Capital Project Fund* - This fund receives Community Development Block Grant moneys. The proceeds are being used to construct a new municipal building.

**5. Enterprise Funds**

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

*Water Operating Fund* - This fund receives charges for services from residents to cover the cost of providing this utility.

**6. Fiduciary Funds (Agency Funds)**

This fund accounts for activity for which the Village is acting in an agency capacity. The Village had the following significant Agency Fund:

*Mayor's Court Fund* - This fund accounts for the financial activity of the 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 cash as of January 1. The County Budget Commission must also approve estimated resources.

**VILLAGE OF AMESVILLE  
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(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 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 2002 and 2001 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**

The Village maintains a cash 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:

	2002	2001
Demand deposits	\$ 78,957	\$ 89,274
Certificates of deposit	50,000	50,000
Total deposits	\$ 128,957	\$ 139,274

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

**3. BUDGETARY ACTIVITY**

Budgetary activity for the years ending December 31, 2002 and 2001 follows:

2002 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 38,476	\$ 30,016	\$ (8,460)
Special Revenue	127,026	130,521	3,495
Capital Projects	200,000	200,000	0
Enterprise	22,270	26,102	3,832
Total	\$ 387,772	\$ 386,639	\$ (1,133)

**VILLAGE OF AMESVILLE  
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**3. BUDGETARY ACTIVITY (Continued)**

2002 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 44,997	\$ 32,483	\$ 12,514
Special Revenue	147,194	137,395	9,799
Capital Projects	200,000	207,062	(7,062)
Enterprise	33,400	19,981	13,419
Total	\$ 425,591	\$ 396,921	\$ 28,670

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$ 38,298	\$ 36,117	\$ (2,181)
Special Revenue	466,749	238,886	(227,863)
Capital Projects	10,000	12,938	2,938
Enterprise	23,000	25,473	2,473
Total	\$ 538,047	\$ 313,414	\$ (224,633)

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$ 60,655	\$ 57,190	\$ 3,465
Special Revenue	109,375	436,521	(327,146)
Capital Projects	0	5,876	(5,876)
Enterprise	24,710	26,816	(2,106)
Total	\$ 194,740	\$ 526,403	\$ (331,663)

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Fire Equipment Fund, Fire Mitigation Grant Program Fund, Ohio Emergency Management Agency Fund, Community Development Block Grant Fund, Capital Projects HUD, and Water Improvements Fund by \$39,243, \$202,802, \$36,376, \$65,500, \$5,875, and \$4,511, respectively, as of December 31, 2001.

**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 payments, the first half is due December 31. The second half payment is due the following June 20.

**VILLAGE OF AMESVILLE  
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**4. PROPERTY TAX (Continued)**

Tangible personal property tax is assessed by the property owners, who must file a list of such property to the County by each April 30.

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Village.

**5. RETIREMENT SYSTEMS**

The Village's employees, as well as the Village Council and Village Clerk, belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer defined benefit pension 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 2002 and 2001, members contributed 8.5% of their wages. The Village contributed an amount equal to 13.55% of participants' gross salaries. The Village has paid all contributions required through December 31, 2002.

**6. RISK MANAGEMENT**

**Risk Pool Membership**

The Village belongs to the Ohio Municipal Joint Self-Insurance Pool (the "Pool"), an unincorporated non-profit association available to municipal corporations and their instrumentalities. Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity. The Pool provides a program of property and casualty insurance for its members. The Plan pays judgments, settlements and other expenses resulting for covered claims that exceed the members' deductibles.

Casualty excess-of-loss contracts at December 31, 2001 and 2000 generally protect against individual losses exceeding \$100,000 (\$150,000 for policies issued prior to April 1, 2000).

Property coverage contracts protect against losses, subject to a deductible of \$50,000 per occurrence, limited to an annual aggregate loss of the greater of \$300,000 or 1% of total coverage.

The Pool's financial statements (audited by other auditors) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained deficit at December 31, 2001 and 2000 (the latest information available):

	2001	2000	
Assets	\$ 3,354,251	\$ 2,958,827	
Liabilities	(4,851,866)	(3,863,373)	
Retained Earnings	\$ (1,497,615)	\$ (904,546)	

**VILLAGE OF AMESVILLE  
ATHENS COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS  
DECEMBER 31, 2002 AND 2001  
(Continued)**

**7. PRIOR PERIOD ADJUSTMENT**

The Village restated its January 1, 2001 fund cash balances to agree to the Village's accounting records and reconciled bank balances. The effect of this restatement is as follows to the January 1, 2001 fund balances:

<u>Fund Type</u>	Fund Balance as Reported December 31, 2000	Prior Period Adjustments	Fund Balance as Restated January 1, 2001
General	\$ 49,828	\$ (4,351)	\$ 45,477
Special Revenue	\$ 258,404	\$ 2,258	\$ 260,662
Enterprise	\$ 44,298	\$ 1,600	\$ 45,898
Agency	\$ 50	\$ 1,758	\$ 1,808

**5. CONTINGENT LIABILITIES**

Amounts received from grantor agencies are subject to audit and adjustment by the grantor, principally the federal government. Any disallowed costs may require refunding to the grantor. Amounts which may be disallowed, if any, are not presently determinable. However, based on prior experience, management believes such refunds, if any, would not be material.

**VILLAGE OF AMESVILLE  
ATHENS COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2002**

<b>FEDERAL GRANTOR</b>	Federal	Pass Through	Disbursements
<i>Pass Through Grantor</i>	CFDA	Entity Number	
Program Title	Number		<u>          </u>
<b>UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>			
<i>Pass through State Department of Development:</i>			
Community Development Block Grant - State's Program	14.228	C-P-00-211-1	\$ 207,062
<i>Pass through Tri-County Community Action Agency:</i>			
Community Development Block Grant - State's Program		B-F-01-005-1	<u>2,610</u>
Total Community Development Block Grant Program			<u>209,672</u>
Total United States Department of Housing and Urban Development			209,672
<b>Federal Emergency Management Agency</b>			
<i>Pass through Ohio Emergency Management Agency:</i>			
Hazard Mitigation Grant Program	83.548	DR-1227-OH	<u>111,220</u>
Total Federal Emergency Management Agency			<u>111,220</u>
<b>Total Federal Awards Expenditures</b>			<b><u>\$ 320,892</u></b>

*The accompanying notes to this Schedule of Federal Awards Expenditures are an integral part of this Schedule.*

**VILLAGE OF AMESVILLE  
ATHENS COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED DECEMBER 31, 2002**

**NOTE A – SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Federal Awards Expenditures (the Schedule) summarizes activity of the Village's federal award programs. The Schedule has been prepared on the cash basis of accounting.

**NOTE B – MATCHING REQUIREMENTS**

Certain federal programs require that the Village contribute non-federal funds (matching funds) to support the federally-funded programs. The Village has complied with the matching requirements. The expenditure of non-federal matching funds is not included on the Schedule.



## Auditor of State Betty Montgomery

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

Village of Amesville  
Athens County  
P.O. Box 190  
Athens, Ohio 45711-0190

To the Village Council:

We have audited the financial statements of the Village of Amesville, Athens County, Ohio (the Village), as of and for the years ended December 31, 2002 and 2001, and have issued our report thereon dated March 31, 2003, wherein we noted we were unable to obtain sufficient evidence matter to audit water operating receipts in 2001. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

#### Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards*, which are described in the accompanying Schedule of Findings as items 2002-30705-001 to 2002-30705-005. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated March 31, 2003.

#### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the Village's ability to record, process, summarize and report financial data, consistent with the assertions of management in the financial statements. A reportable condition is described in the accompanying Schedule of Findings as item 2002-30705-004.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses.

743 E. State St. / Athens Mall Suite B / Athens, OH 45701  
Telephone: (740) 594-3300 (800) 441-1389 Fax: (740) 594-2110  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

The reportable condition described above is considered a material weakness. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated March 31, 2003.

This report is intended for the information and use of the management, the Village Council, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

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

**Betty Montgomery**  
Auditor of State

March 31, 2003



**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS  
APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Village of Amesville  
Athens County  
P.O. Box 190  
Athens, Ohio 45711-0190

To the Village Council:

**Compliance**

We have audited the compliance of the Village of Amesville, Athens County, Ohio (the Village), with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended December 31, 2002. The Village's major federal program is identified in the Summary of Auditor's Results Section of the accompanying Schedule of Findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the Village's management. Our responsibility is to express an opinion on the Village's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the Village's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the Village's compliance with those requirements.

In our opinion, the Village complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended December 31, 2002. However, we noted a certain instance of noncompliance that does not require inclusion in this report that we have reported to the management of the Village in a separate letter dated March 31, 2003.

**Internal Control Over Compliance**

The management of the Village is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the Village's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

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Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control 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 noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program 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 compliance and its operation that we consider to be material weaknesses.

This report is intended for the information and use of the management, the Village Council, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

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

**Betty Montgomery**  
Auditor of State

March 31, 2003

**VILLAGE OF AMESVILLE  
ATHENS COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 §.505  
DECMEBER 31, 2002 AND 2001**

**1. SUMMARY OF AUDITOR'S RESULTS**

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Qualified
<i>(d)(1)(ii)</i>	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(ii)</i>	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material non-compliance at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(iv)</i>	Were there any material internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Community Development Block Grant – State's Program – CFDA # 14.228
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

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

**FINDING NUMBER 2002-30705-001**

**Finding for Recovery**

Ohio Rev. Code Section 2743.70 requires the Court in which any person is convicted of or pleads guilty to any offense other than a traffic offense that is not a moving violation, to impose and collect additional costs to be used for the State's Reparations Fund. Ohio Rev. Code Section 2949.091 requires the Court to impose and collect additional costs to be used for the State General Revenue Fund. All such moneys collected during a month shall be transmitted on the first business day of each month by the clerk of the court to the Treasurer of State and deposited by the Treasurer in the Reparations Fund and the General Revenue Fund, respectively.

VILLAGE OF AMESVILLE  
ATHENS COUNTY

SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 §.505  
DECMEBER 31, 2002 AND 2001  
(Continued)

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

**FINDING NUMBER 2002-30705-001  
(Continued)**

**Finding for Recovery (Continued)**

During the audit period, the Village Mayor's Court collected, but failed to remit to the State of Ohio, the \$9 in additional costs imposed by Ohio Rev. Code Section 2743.70 and the \$11 in additional costs imposed by Ohio Rev. Code Section 2949.091. As a result, the Village underpaid the State of Ohio by \$380.

In accordance with the foregoing facts and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for money collected but not remitted is hereby issued against the Mayor's Court, in the amount of \$380, and in favor of the Treasury of the State of Ohio, to the credit of the Reparations Fund for \$171, and to the General Revenue Fund for \$209.

**FINDING NUMBER 2002-30705-002**

**Finding for Adjustment**

Ohio Rev. Code Section 733.40 requires the Mayor of a Village to remit to the Village treasury fines and costs collected in the Mayor's Court by the first Monday of each month. Fines collected by the Mayor's Court for traffic violations included costs due the Village in the amount of \$8,257.50 during the audit period. However, \$8,500 was remitted to the Village during the audit period, resulting in an overpayment to the Village of \$242.50.

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code Section 733.40, a Finding for Adjustment for monies incorrectly expended is hereby issued against the General Fund in the amount of \$242.50 and in favor of the Mayor's Court as of December 31, 2002.

As of the date of this report, the Village management is in agreement with this adjustment. The adjustment will be posted to the Village's records during 2003. However, the adjustment is not reflected in the accompanying financial statements.

**FINDING NUMBER 2002-30705-003**

**Noncompliance Citation**

Ohio Rev. Code Section 5705.41(D) states that no subdivision or taxing unit shall make any contract or order any expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the same has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance. 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.

**VILLAGE OF AMESVILLE  
ATHENS COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 §.505  
DECMEBER 31, 2002 AND 2001  
(Continued)**

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
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**FINDING NUMBER 2002-30705-003  
(Continued)**

**Noncompliance Citation (Continued)**

Ohio Rev. Code Section 5705.41(D) (Continued):

The following exceptions to this basic requirement are provided by statute:

- ▶ “Then and Now Certificate”: This exception provides that, if the fiscal officer can certify that both at the time that the contract or order was made and at the time that he is completing his certification, 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 taxing authority can authorize the drawing of a warrant. The taxing authority has 30 days from the receipt of such certificate to approve payment by resolution or ordinance. If approval is not made within 30 days, there is no legal liability on the part of the subdivision or taxing district.
  
- ▶ Amounts of less than \$1,000 may be paid by the fiscal officer without such affirmation of the taxing authority 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 taxing authority.

Of the expenditures tested, 78% during the period under audit did not have the prior certification of the Village fiscal officer, and neither of the exceptions noted above were met. This could result in the Village spending more money than what is available.

We recommend the Village obtain the prior certification of the Village fiscal officer before an obligation is incurred.

**FINDING NUMBER 2002-30705-004**

**Noncompliance Citation/Material Weakness**

Ohio Rev. Code Section 149.351 establishes guidelines against the destruction or damage of records. All records are the property of the public office and shall not be mutilated, transferred, or otherwise damaged or disposed of, in whole or in part, except as provided by law or under the rules adopted by the records commissions provided for under Ohio Rev. Code Sections 149.38 to 140.42.

The Village did not present for audit the January 2001 through June 2001 water meter reading sheets, nor was the January 2001 consumer ledger presented for audit. As a result, we were unable to adequately audit the water utility revenue for 2001, due to a lack of sufficient evidential matter.

Further, the Flood Mitigation account canceled checks were not returned from the bank. Although electronic images were sent to the Village along with the monthly statements, the back of the check was not imaged. Additionally, the canceled checks were destroyed by the bank after 180 days, without the approval of the Village, the Ohio Historical Society or the Auditor of State. Not maintaining all of the records of the Village could result in error and irregularities occurring and not being detected in a timely manner.

VILLAGE OF AMESVILLE  
ATHENS COUNTY

SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 §.505  
DECMEBER 31, 2002 AND 2001  
(Continued)

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

**FINDING NUMBER 2002-30705-004  
(Continued)**

**Noncompliance Citation/ Material Weakness (Continued)**

Ohio Rev. Code Section 149.351 (Continued):

We recommend the Village officials retain all records of the Village. Further, we recommend the Village adopt a policy requiring the bank to return the original copy of the check or make visible images of both sides of the check and include them in the monthly bank statement. We further suggest the Village review Auditor of State Bulletin 96-006 for additional guidance.

**FINDING NUMBER 2002-30705-005**

Ohio Rev. Section 5705.41(B) states that no subdivision or taxing unit is to expend money unless it has been appropriated.

We found expenditures exceeded appropriations at December 31, 2001, in the following funds:

<u>Fund</u>	<u>Appropriation Authority</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
Fire Equipment	\$ 10,000	\$ 49,243	\$ (39,243)
FMGP	\$ -	\$ 202,802	\$ (202,802)
OEMA	\$ -	\$ 36,378	\$ (36,378)
CDBG - Flood 1	\$ -	\$ 11,471	\$ (11,471)
CDBG - Flood 2	\$ -	\$ 65,500	\$ (65,500)
Capital Projects - HUD	\$ -	\$ 5,876	\$ (5,876)
Water Improvement	\$ -	\$ 4,511	\$ (4,511)

The fiscal officer should deny payment requests exceeding appropriations. The fiscal officer may request Village Council to approve increased expenditure levels by increasing appropriations and amending estimated resources, if necessary.

**3. FINDINGS FOR FEDERAL AWARDS**

None.

**VILLAGE OF AMESVILLE  
ATHENS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
OMB CIRCULAR A-133 §.315(b)  
DECEMBER 31, 2002 AND 2001**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b>Explain:</b>
2000 - 1	A material noncompliance citation was issued under Ohio Rev. Code Section 5705.38 for the failure to adopt an appropriation measure in 1999.	Yes	N/A
2000 - 2	A material noncompliance citation was issued under Ohio Rev. Code Section 5705.41(D) for the failure to properly utilize the encumbrance method of accounting.	No	This Finding is repeated in the current audit Schedule of Findings as item 2002-30705-003.
2000 - 3	A material noncompliance citation was issued under Ohio Rev. Code Section 5705.41(B) for expenditures exceeding appropriations.	No	This Finding is repeated in the current audit Schedule of Findings as item 2002-30705-005.





**Auditor of State  
Betty Montgomery**

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140  
Telephone 614-466-4514  
800-282-0370  
Facsimile 614-466-4490

**VILLAGE OF AMESVILLE**

**ATHENS 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  
MAY 20, 2003**