



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 Street
Amelia, Ohio 45202

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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June 3, 2009

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Village of Amelia
Clermont County
44 West Main Street
Amelia, Ohio 45202

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, 2007 and 2006. 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.

Also during 2006, the Village changed its financial statement presentation method to conform to presentation methods the Auditor of State prescribes or permits.

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.

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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, 2007 and 2006 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, 2007 and 2006, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village of Amelia, Clermont County, Ohio as of December 31, 2007 and 2006, 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 June 3, 2009, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Mary Taylor, CPA
Auditor of State

June 3, 2009

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, 2007**

	<u>Governmental Fund Types</u>				<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Agency</u>	
Cash Receipts:						
Property and Local Taxes	\$107,659	\$1,046,030	\$0	\$0	\$0	\$1,153,689
Intergovernmental	138,432	268,538	0	0	0	406,970
Charges for Services	12,946	0	0	0	0	12,946
Fines, Licenses and Permits	132,416	13,859	0	0	0	146,275
Earnings on Investments	1,818	16,895	0	5,806	0	24,519
Miscellaneous	3,326	15,334	0	20,000	0	38,660
Total Cash Receipts	396,597	1,360,656	0	25,806	0	1,783,059
Cash Disbursements:						
Current:						
Security of Persons and Property	88,113	835,845	0	0	0	923,958
Public Health Services	12,113	7,860	0	0	0	19,973
Leisure Time Activities	14,142	11,674	0	0	0	25,816
Basic Utility Service	0	202,720	0	0	0	202,720
Transportation	0	268,475	0	0	0	268,475
General Government	354,061	6,629	0	0	0	360,690
Debt Service:						
Redemption of Principal	0	0	20,000	0	0	20,000
Interest and Fiscal Charges	0	0	7,036	0	0	7,036
Capital Outlay	0	0	0	76,109	0	76,109
Total Cash Disbursements	468,429	1,333,203	27,036	76,109	0	1,904,777
Total Receipts Over/(Under) Disbursements	(71,832)	27,453	(27,036)	(50,303)	0	(121,718)
Other Financing Receipts / (Disbursements):						
Sale of Fixed Assets	25,050	8,900	0	5	0	33,955
Transfers-In	0	0	27,036	0	0	27,036
Transfers-Out	(27,036)	0	0	0	0	(27,036)
Other Financing Sources	136,850	0	0	0	121,762	258,612
Other Financing Uses	0	0	0	0	(133,575)	(133,575)
Total Other Financing Receipts / (Disbursements)	134,864	8,900	27,036	5	(11,813)	158,992
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	63,032	36,353	0	(50,298)	(11,813)	37,274
Fund Cash Balances, January 1	32,903	438,997	0	177,936	13,054	662,890
Fund Cash Balances, December 31	\$95,935	\$475,350	\$0	\$127,638	\$1,241	\$700,164
Reserve for Encumbrances, December 31	\$1,008	\$3,110	\$0	\$0	\$0	\$4,118

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, 2006**

	<u>Governmental Fund Types</u>				<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Agency</u>	
Cash Receipts:						
Property and Local Taxes	\$96,421	\$947,649	\$0	\$0	\$0	\$1,044,070
Intergovernmental	193,504	260,397	0	0	0	453,901
Charges for Services	14,043	0	0	0	0	14,043
Fines, Licenses and Permits	134,246	13,685	0	0	0	147,931
Earnings on Investments	3,570	7,134	0	2,094	0	12,798
Miscellaneous	1,667	57,295	0	100,000	0	158,962
Total Cash Receipts	443,451	1,286,160	0	102,094	0	1,831,705
Cash Disbursements:						
Current:						
Security of Persons and Property	52,197	782,183	0	0	0	834,380
Public Health Services	10,464	20,167	0	0	0	30,631
Leisure Time Activities	27,176	99,323	0	0	0	126,499
Community Environment	214	0	0	0	0	214
Basic Utility Service	0	182,449	0	0	0	182,449
Transportation	0	253,985	0	0	0	253,985
General Government	296,194	23,751	0	0	0	319,945
Debt Service:						
Redemption of Principal	0	0	20,000	0	0	20,000
Interest and Fiscal Charges	0	0	2,196	0	0	2,196
Capital Outlay	0	0	0	29,158	0	29,158
Total Cash Disbursements	386,245	1,361,858	22,196	29,158	0	1,799,457
Total Receipts Over/(Under) Disbursements	57,206	(75,698)	(22,196)	72,936	0	32,248
Other Financing Receipts / (Disbursements):						
Proceeds from Sale of Public Debt:						
Sale of Notes	0	0	0	105,000	0	105,000
Transfers-In	0	14,809	22,196	0	0	37,005
Transfers-Out	(37,005)	0	0	0	0	(37,005)
Advances-In	40,000	40,000	0	0	0	80,000
Advances-Out	(40,000)	(40,000)	0	0	0	(80,000)
Other Financing Sources	0	169,779	0	0	140,702	310,481
Other Financing Uses	0	0	0	0	(134,442)	(134,442)
Total Other Financing Receipts / (Disbursements)	(37,005)	184,588	22,196	105,000	6,260	281,039
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	20,201	108,890	0	177,936	6,260	313,287
Fund Cash Balances, January 1	12,702	330,107	0	0	6,794	349,603
Fund Cash Balances, December 31	\$32,903	\$438,997	\$0	\$177,936	\$13,054	\$662,890

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, 2007 AND 2006**

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. Cash and Investments

The Village's accounting basis includes investments as assets. This basis does not record disbursements for investment purchases or receipts for investment sales. This basis records gains or losses at the time of sale as receipts or disbursements, respectively.

The Village values certificates of deposit at cost. 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

**VILLAGE OF AMELIA
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

1. Summary of Significant Accounting Policies (continued)

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:

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 and bond proceeds 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:

Service Facility Construction Fund – This fund receives the proceeds of bonds to be used to construct a new service facility.

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, 2007 AND 2006
(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. Management has included audit adjustments in the accompanying budgetary presentations for material items that should have been encumbered.

A summary of 2007 and 2006 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 Cash and Investments

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

	2007	2006
Demand deposits	\$406,631	\$521,053
Certificates of deposit	0	39,743
Total deposits	406,631	560,796
STAR Ohio	293,533	102,094
Total investments	293,533	102,094
Total deposits and investments	\$700,164	\$662,890

**VILLAGE OF AMELIA
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

2. Equity in Pooled Cash and Investments (continued)

At December 31, 2007, the Village held 2,944 shares of Proctor & Gamble stock. Stock is not an eligible investment for the Village under Ohio law. The Village sold all shares of the stock on December 3, 2008.

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 are not evidenced by securities that exist in physical or book-entry form.

3. Budgetary Activity

Budgetary activity for the years ending December 31, 2007 and 2006 follows:

2007 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$557,352	\$558,497	\$1,145
Special Revenue	1,489,561	1,369,556	(120,005)
Debt Service	134,300	27,036	(107,264)
Capital Projects	2,000	25,811	23,811
Total	\$2,183,213	\$1,980,900	(\$202,313)

2007 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$589,354	\$496,473	\$92,881
Special Revenue	1,928,555	1,336,313	592,242
Debt Service	132,200	27,036	105,164
Capital Projects	179,491	76,109	103,382
Total	\$2,829,600	\$1,935,931	\$893,669

2006 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$451,954	\$443,451	(\$8,503)
Special Revenue	1,473,659	1,470,748	(2,911)
Debt Service	22,213	22,196	(17)
Capital Projects	205,000	207,094	2,094
Total	\$2,152,826	\$2,143,489	(\$9,337)

**VILLAGE OF AMELIA
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

3. Budgetary Activity (Continued)

2006 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$478,304	\$423,250	\$55,054
Special Revenue	1,582,335	1,361,858	220,477
Debt Service	22,213	22,196	17
Capital Projects	205,000	29,158	175,842
Total	\$2,287,852	\$1,836,462	\$451,390

Contrary to Ohio law, appropriation authority exceeded budgeted receipts in the General fund by \$13,648, in the Police Levy fund by \$7,775, in the DUI Education fund by \$1,572 and in the Parks & Recreation fund by \$500 for the year ended December 31, 2006.

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, 2007 was as follows:

	Principal	Interest Rate
General Obligation Bonds (2003)	\$39,000	2.99%
Bond Anticipation Notes (2007)	\$105,000	5.56%
Total	\$144,000	

The Various Purpose General Obligation Bonds were issued in 2003 with the purpose of refunding a portion of the Municipal Building Improvement Bond Anticipation Notes, 2002 Renewal, and the Municipal Property Acquisition Notes Sixth (2002) Renewal. These proceeds were originally used to acquire and improve a building for the Village. The proceeds from the bond were paid to the Village's Miscellaneous Debt Service Fund. The Village's taxing authority collateralized the bonds.

The Village issued bond anticipation notes in 2007 in anticipation of the issuance of bonds to be dated approximately October 31, 2008. 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 from the notes were paid into the Village's Service Facility Construction Fund. The Village's taxing authority collateralized the notes.

**VILLAGE OF AMELIA
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)**

5. Debt (continued)

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

Year ending December 31:	General Obligation Bonds	Bond Anticipation Notes
2008	\$21,017	\$110,434
2009	19,419	
Total	<u>\$40,436</u>	<u>\$110,434</u>

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 2007 and 2006, OP&F participants contributed 10% of their wages. For 2007 and 2006, the Village contributed to OP&F an amount equal to 19.5% of full-time police members' wages. For 2007 and 2006, OPERS members contributed 9.5 and 9%, respectively, of their gross salaries and the Village contributed an amount equaling 13.85 and 13.7%, respectively, of participants' gross salaries. The Village has paid all contributions required through December 31, 2007.

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. PEP is a member of the American Public Entity Excess Pool (APEEP). 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 Coverage

For an occurrence prior to January 1, 2006 PEP retains casualty risks up to \$250,000 per occurrence, including claim adjustment expenses. PEP pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$10,000,000 in the aggregate per year.

VILLAGE OF AMELIA
CLERMONT COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)

7. Risk Management (Continued)

For an occurrence on or subsequent to January 1, 2006, the Pool retains casualty risk up to \$350,000 per occurrence. Claims exceeding \$350,000 are reinsured with APEEP in an amount not to exceed \$2,650,000 for each claim and \$10,000,000 in the aggregate per year. Governments can elect up to \$10,000,000 in additional coverage with the General Reinsurance Corporation, through contracts with PEP.

If losses exhaust PEP's retained earnings, APEEP provides *excess of funds available* coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000 (prior to January 1, 2006) or \$3,000,000 (on or subsequent to January 1, 2006) as noted above.

Property Coverage

Beginning in 2005, APEEP established a risk-sharing property program. Under the program, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. This amount was increased to \$300,000 in 2007. For 2007, APEEP reinsures members for specific losses exceeding \$100,000 up to \$300,000 per occurrence, subject to an annual aggregate loss payment. For 2006, APEEP reinsures members for specific losses exceeding \$100,000 up to \$250,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable values. If the stop loss is reached by payment of losses between \$100,000 and \$250,000 in 2006, or \$100,000 and \$300,000 in 2007, Travelers will then reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2007 was \$2,014,548.

The aforementioned casualty and property reinsurance agreements do 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, 2007 and 2006:

	<u>2007</u>	<u>2006</u>
Assets	\$37,560,071	\$36,123,194
Liabilities	<u>(17,340,825)</u>	<u>(16,738,904)</u>
Net Assets	<u>\$20,219,246</u>	<u>\$19,384,290</u>

VILLAGE OF AMELIA
CLERMONT COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2007 AND 2006
(Continued)

7. Risk Management (Continued)

At December 31, 2007 and 2006, respectively, the liabilities above include approximately \$15.9 million and \$15.0 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$15.0 million and \$14.4 million of unpaid claims to be billed to approximately 443 member governments in the future, as of December 31, 2007 and 2006, 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 \$15,477. This payable includes the subsequent year's contribution due if the Village terminates participation, as described in the last paragraph below.

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.

Contributions to PEP	
2005	\$10,626
2006	\$10,562
2007	\$13,458

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 budgetary contribution. Withdrawing members have no other future obligation to the pool. 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.



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 St.
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, 2007 and 2006, and have issued our report thereon dated March 13, 2009, wherein we noted the Village followed accounting practices the Auditor of State prescribes 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 expressing our opinion on the financial statements, but not to opine 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 first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Village's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Village's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

We consider findings 2007-003 and 2007-004 described in the accompanying schedule of findings to be significant deficiencies in internal control over financial reporting.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Village's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. We believe the significant deficiencies described above, finding numbers 2007-003 and 2007-004, are also material weaknesses.

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 that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2007-001 through 2007-004.

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 June 3, 2009.

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



Mary Taylor, CPA
Auditor of State

June 3, 2009

VILLAGE OF AMELIA
CLERMONT COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2007 AND 2006

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

FINDING NUMBER 2007-001

Noncompliance Citation

Ohio Rev. Code, Section 9.38, provides that public money must be deposited with the Fiscal Officer of the public office or to the designated depository on the business day next following the day of receipt, if the total amount of such moneys received exceeds one thousand dollars. If the total amount of the public moneys so received does not exceed one thousand dollars, the person shall deposit the moneys on the business day next following the day of receipt, unless the public office of which that person is a public official adopts a policy permitting a different time period, not to exceed three business days next following the day of receipt, for making such deposits, and the person is able to safeguard the moneys until such time as the moneys are deposited. The policy shall include provisions and procedures to safeguard the public moneys until they are deposited. During testing we noted the following items not deposited timely:

- Zoning Receipts: 2007 – 4 of 15 (26%) receipts tested.
2006 – 3 of 15 (20%) receipts tested.
- Mayor's Court Receipts: 2007 – 4 of 15 (26%) receipts tested.
2006 – 2 of 15 (13%) receipts tested.

Failing to deposit moneys within the required time period could cause receipts to be susceptible to loss or theft. We recommend the Village implement procedures to ensure deposits are made within one business day of receipt. As an alternative, the Village may adopt a policy permitting a different time period, provided that such monies can be safeguarded until deposit. Auditor of State Bulletin 99-020 provides further guidance on this issue.

Officials' Response:

We did not receive a response from Officials to this finding.

FINDING NUMBER 2007-002

Noncompliance Citation

Ohio Rev. Code, Section 5705.39, provides that the total appropriation from each fund shall not exceed the total estimated revenue available for expenditure as certified by the County Budget Commission. Appropriations exceeded the total estimated revenue at year end for 2006 in the following funds:

Fund	Appropriations	Estimated Revenue	Variance
General Fund	478,304	464,655	(13,649)
Police Levy	480,016	472,241	(7,775)
DUI Education Fund	15,759	14,187	(1,572)
Parks & Recreation Fund	69,011	68,511	(500)

**FINDING NUMBER 2007-002
(Continued)**

Failure to comply with the above Ohio Revised Code Section resulted in the Village appropriating more funds than they expected to have available. We recommend that the Village only appropriate for amounts equal to or less than estimated revenues and that all supplemental appropriations are compared to estimated revenue prior to approval by Council.

Officials' Response:

We did not receive a response from Officials to this finding.

FINDING NUMBER 2007-003

Noncompliance Citation / Material Weakness

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 Village did not have adequate control procedures over the operation of the Mayor's Court and used a partially automated, partially manual system that led to an inconsistent and incomplete cashbook. The following conditions, effects and recommendations relate to the Mayor's Court:

- The reconciling process is composed of taking the bank balances from which outstanding checks are subtracted, other adjustments considered (non sufficient fund fees and deposits in transit are examples) and the resulting amount should agree with the Mayor's Court's book/fund balances. Monthly reconciliations of the Mayor's Court bank account were not performed during the audit period. 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.
- 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:
 - Monthly distributions were not posted in the cashbook.
 - Receipts were posted to the cashbook but some receipts were not distributed to the Village/State. See Finding Number 2007-004.

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.

**FINDING NUMBER 2007-003
(Continued)**

- The mayor's court cashbook should contain the date, payee, ordinance section they are cited under, case/ticket number, receipt number, amount received and then a breakdown for the detailed amount of village and state monies. All transactions should be entered and then columns totaled at the end of the month to assist with determining amounts that should be remitted to the Village and State monthly. These remittances, along with check number, date and amount should be included in the cashbook.
- 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.
- Payment plans should be approved by the Court and periodic reviews of payment plans should be performed to ensure payments are being made in accordance with the payment plan. Additionally, since distributions are tracked manually, case files and the manual cashbook should document how each receipt received on a payment plan is distributed. A review of the cashbook and case files identified numerous offenders were making payments over an extended period of time. There is no evidence of a written payment agreement other than the notations in the case file indicating payments being made. The case file did not provide evidence of approval by the court nor did it provide the terms of the payment plan. By not having established guidelines for payment plans and not monitoring them, the court may not collect all of the money due to them in a timely manner which is also due to other governmental agencies such as the State of Ohio and the Village of Amelia.

A review of the cashbook also identified that numerous receipts received on payment plans were posted to the "Bond" column. Generally, amounts posted to the "Bond" column were distributed at the end of each month. However, there were some receipts where it could not be determined if the receipt was ever distributed. There was also no evidence in the case file that the Village was tracking the distribution of these receipts. By not tracking distribution of payment plan receipts, the court may not be remitting the proper amounts to other governmental agencies such as the State of Ohio and the Village of Amelia. Additional audit procedures were performed on payment plan receipts as a result of this, see Finding Number 2007-004.

All payment plans should be presented to the Magistrate or Mayor for their approval. Village Council should establish clear guidelines for payment plans that address the type of documentation required for the payment plan and procedures to be followed for the collection of payments and the subsequent distribution. Payment plan case files should be periodically reviewed to ensure offenders are making payments in accordance with the plan, and other actions to collect should be taken if the offender is not complying with the plan.

Officials' Response:

We did not receive a response from Officials on this finding.

FINDING NUMBER 2007-004

Noncompliance Citation / Material Weakness

Ohio Rev. Code, Section 733.40, provides, in part, that all fines, forfeitures, and costs in ordinance cases and all fees that are collected by the mayor, that in any manner come into the mayor's hands, or that are due the mayor, any other fees and expenses that have been advanced out of the treasury of the municipal corporation, and all money received by the mayor for the use of the municipal corporation shall be paid by the mayor into the treasury of the municipal corporation on the first Monday of each month. At the first regular meeting of the legislative authority each month, the mayor shall submit a full statement of all moneys received, from whom and for what purposes received, and when paid into the treasury.

Ohio Rev. Code, Section 2743.70 (A)(1), requires the collection of additional court costs when any person is convicted or pleads guilty to any offense other than a traffic offense that is not a moving violation. These moneys must be transmitted to the Treasurer of State on the first business day of each month.

The Mayor's Court bank account has carried a large balance for the past several years, and had accumulated a balance of over \$13,000 by December 31, 2006. In early 2007, the former Village Administrator attempted to reduce this balance by remitting to the Village and the State of Ohio amounts received on cases in prior years that he determined to have never been distributed. The total amount remitted was \$9,786 to the Village and \$1,484 to the State of Ohio. Additional audit procedures performed only identified \$2,745 of prior year receipts due to the Village and \$552 due to the State. Therefore, \$7,041 was remitted to the Village and \$932 to the State of Ohio that should have remained in the Mayor's Court bank account. The table below summarizes amounts due to/from the Village and State in regard to the Mayor's Court bank account, including the amounts identified above and other errors noted during the audit. Also included are amounts identified during the 2004-2005 audit of the Village as being owed to the Village and the State of Ohio from the Mayor's Court bank account.

	Due To/(From) Village	Due To/(From) State
Due to Mayor's Account – Error in distributing amounts received in prior years	\$(7,041)	\$(932)
Due to Mayor's Account - Receipts distributed twice per testing of cashbook	(2,718)	
Due to Village/State – July 2006 court collections not remitted	7,207	25
Due to Village/State - 2004-2005 audit identified as received but not distributed	<u>1,949</u>	<u>672</u>
Net Due To/(From) Village and State	(603)	(235)

Thus, the Mayor's Court bank account should have the following balance:

12/31/07 Reconciled Balance	\$638
Due from Village General Fund	603
Due from State of Ohio	<u>235</u>
Total Mayor's Court Account Balance	\$1,476

The Village has repaid the \$603 due from the General Fund to the Mayor's Court account (Agency Fund), subsequent to December 31, 2007.

**FINDING NUMBER 2007-004
(Continued)**

The financial statements and accounting records have been adjusted to accurately reflect the activity noted in the table above.

Per the table above \$235 is due the Mayor's Court account from the State of Ohio. We recommend that the Mayor's Court reduce their next remittance to the State of Ohio by \$235.

During the audit, we noted that 1 of 12 (8%) disbursements to the Village in 2007 and 12 of 12 (100%) disbursements to the Village in 2006 were not made prior to the first Monday of each month. Furthermore, it was noted that 1 out of 12 (8%) disbursements to the State in 2007 and 10 of 12 (83%) in 2006 were not made on the first business day of each month. The Mayor should pay the disbursements within the mandated timeframe set through the Ohio Revised Code.

Officials' Response:

We did not receive a response from Officials for this finding.

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**VILLAGE OF AMELIA
CLERMONT COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2007 AND 2006**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2005-001	ORC 5705.41(D)(1) the availability of funds was not certified for certain commitments.	Yes	
2005-002	OAC 117-2-02 mayor's court not reconciling	No	Repeated as finding 2007-003
2005-003	ORC 5705.39 appropriations exceeding estimated revenue	No	Repeated as finding 2007-002
2005-004	ORC 733.40, 2743.70 (A)(1) mayor's court monthly distributions	No	Repeated as finding 2007-004



Mary Taylor, CPA
Auditor of State

VILLAGE OF AMELIA

CLEMONT 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
JUNE 30, 2009