



**VILLAGE OF AMELIA
CLERMONT COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2001-2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

VILLAGE OF AMELIA
CLERMONT COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

Village of Amelia
Clermont County
44 West Main Street
Amelia, Ohio 45102

To the Village Council:

We have audited the accompanying financial statements of the Village of Amelia, Clermont County, Ohio (the Village), as of and for the years ended December 31, 2001 and 2000. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

As discussed in Note 1, the Village prepares its financial statements on the basis of accounting prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances and reserves for encumbrances of the Village as of December 31, 2001 and 2000, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 27, 2002 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.

This report is intended solely for the information and use of management, the Village Council and other officials authorized to receive this report under § 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large, looping initial "J" and a cursive "Petro".

Jim Petro
Auditor of State

June 27, 2002

**VILLAGE OF AMELIA
CLERMONT COUNTY**

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

	Governmental Fund Types				Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Agency	
Cash Receipts:						
Property Tax and Other Local Taxes	\$87,044	\$346,417	\$0	\$0	\$0	\$433,461
Intergovernmental Receipts	198,267	152,667		5,015		355,949
Charges for Services	1,135					1,135
Fines, Licenses, and Permits	103,525	11,165				114,690
Earnings on Investments	7,583	1,947				9,530
Miscellaneous	25,502	30,000				55,502
Total Cash Receipts	423,056	542,196	0	5,015	0	970,267
Cash Disbursements:						
Current:						
Security of Persons and Property	92,826	298,717				391,543
Public Health Services	5,524					5,524
Leisure Time Activities	53,143					53,143
Community Environment	5,248					5,248
Basic Utility Services	54,683	71,487				126,170
Transportation		64,733				64,733
General Government	228,428	1,975				230,403
Debt Service:						
Principal Payments			210,000			210,000
Interest Payments			11,381			11,381
Capital Outlay				5,015		5,015
Total Cash Disbursements	439,852	436,912	221,381	5,015	0	1,103,160
Total Receipts Over/(Under) Disbursements	(16,796)	105,284	(221,381)	0	0	(132,893)
Other Financing Receipts and (Disbursements):						
Sale of Bonds or Notes			181,000			181,000
Transfers-In			39,685			39,685
Advances-In	6,610	4,232				10,842
Transfers-Out	(34,685)	(5,000)				(39,685)
Advances-Out	(4,232)	(6,610)				(10,842)
Other Sources	19	10			125,371	125,400
Other Uses					(117,401)	(117,401)
Total Other Financing Receipts/(Disbursements)	(32,288)	(7,368)	220,685	0	7,970	188,999
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(49,084)	97,916	(696)	0	7,970	56,106
Fund Cash Balances, January 1	78,402	178,296	858		8,239	265,795
Fund Cash Balances, December 31	\$29,318	\$276,212	\$162	\$0	\$16,209	\$321,901
Reserves for Encumbrances, December 31	\$5,104	\$5,066	\$0	\$0	\$0	\$10,170

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 SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	Governmental Fund Types				Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Agency	
Cash Receipts:						
Property Tax and Other Local Taxes	\$93,917	\$319,593	\$0	\$0	\$0	\$413,510
Intergovernmental Receipts	196,913	150,476		82,800		430,189
Charges for Services	866					866
Fines, Licenses, and Permits	96,565	9,386				105,951
Earnings on Investments	13,779	3,530				17,309
Miscellaneous	31,679					31,679
	<u>433,719</u>	<u>482,985</u>	<u>0</u>	<u>82,800</u>	<u>0</u>	<u>999,504</u>
Cash Disbursements:						
Current:						
Security of Persons and Property	97,749	269,908				367,657
Public Health Services	2,540					2,540
Leisure Time Activities	50,848					50,848
Community Environment	1,895					1,895
Basic Utility Services		99,819				99,819
Transportation		159,564				159,564
General Government	201,099	4,204				205,303
Debt Service:						
Principal Payments		20,000	206,000			226,000
Interest Payments		900	9,142			10,042
Capital Outlay				82,800		82,800
	<u>354,131</u>	<u>554,395</u>	<u>215,142</u>	<u>82,800</u>	<u>0</u>	<u>1,206,468</u>
Total Cash Disbursements	<u>354,131</u>	<u>554,395</u>	<u>215,142</u>	<u>82,800</u>	<u>0</u>	<u>1,206,468</u>
Total Receipts Over/(Under) Disbursements	<u>79,588</u>	<u>(71,410)</u>	<u>(215,142)</u>	<u>0</u>	<u>0</u>	<u>(206,964)</u>
Other Financing Receipts and (Disbursements):						
Sale of Bonds or Notes		16,000	194,000			210,000
Transfers-In			22,000			22,000
Advances-In		2,377				2,377
Transfers-Out	(22,000)					(22,000)
Advances-Out	(2,377)					(2,377)
Other Sources	106	1,029			95,028	96,163
Other Uses		(1,300)			(94,659)	(95,959)
	<u>(24,271)</u>	<u>18,106</u>	<u>216,000</u>	<u>0</u>	<u>369</u>	<u>210,204</u>
Total Other Financing Receipts/(Disbursements)	<u>(24,271)</u>	<u>18,106</u>	<u>216,000</u>	<u>0</u>	<u>369</u>	<u>210,204</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	55,317	(53,304)	858	0	369	3,240
Fund Cash Balances, January 1	23,085	231,599			7,871	262,555
Fund Cash Balances, December 31	<u>\$78,402</u>	<u>\$178,295</u>	<u>\$858</u>	<u>\$0</u>	<u>\$8,240</u>	<u>\$265,795</u>
Reserves for Encumbrances, December 31	<u>\$0</u>	<u>\$540</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$540</u>

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, 2001 AND 2000**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of Amelia, Clermont County, Ohio (the Village), is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides general governmental services, park operations (leisure time activities), and police services. The Village contracts with the Batavia, Monroe, Ohio, and Pierce Townships (B.M.O.P.) Volunteer Fire Department of Clermont County to provide fire and emergency medical 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. Deposits

Village funds are pooled in checking accounts with local commercial banks.

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 Funds

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:

Police Levy Fund

This fund receives tax monies to fund police department operations.

Waste Levy Fund

This fund receives tax monies to fund waste collection services.

VILLAGE OF AMELIA
CLERMONT COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Debt Service Funds

These funds are used to accumulate resources for the payment of bonds and note indebtedness. The Village had the following significant debt service funds:

Various Purpose Bond Anticipation Note Fund

This fund receives proceeds from Bond Anticipation Notes to make payments for principal and interest obligations on notes.

Computer System Bond Anticipation Note Fund

This fund receives proceeds from Bond Anticipation Notes to make payments for principal and interest obligations on notes pertaining to the Village's computer system.

4. Capital Projects Funds

This fund is used to account for receipts that are restricted for the acquisition or construction of major capital projects. The Village had the following significant capital projects funds:

State Issue II Fund

This fund receives state grant money for street renovations.

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 control, 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. 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.

**VILLAGE OF AMELIA
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated. The Village did not encumber all commitments required by Ohio law. However, there were no additional material outstanding encumbrances at December 31, 2001 and 2000.

A summary of 2001 and 2000 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.

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the Village's basis of accounting.

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

	2001	2000
Demand deposits	\$321,901	\$265,795

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2001 and 2000 follows:

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$450,000	\$423,056	(\$26,944)
Special Revenue	541,947		(541,947)
Debt Service	40,000		(40,000)
Capital Projects	61,360		(61,360)
Total	\$1,093,307	\$423,056	(\$670,251)

**VILLAGE OF AMELIA
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)**

3. BUDGETARY ACTIVITY (Continued)

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$535,968	\$479,641	\$56,327
Special Revenue	705,776	446,978	258,798
Debt Service	40,858	221,381	(180,523)
Capital Projects	0	5,015	(5,015)
Total	\$1,282,602	\$1,153,015	\$129,587

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$472,368	\$433,719	(\$38,649)
Special Revenue	481,236	498,985	17,749
Debt Service	22,000	216,000	194,000
Capital Projects	0	82,800	82,800
Total	\$975,604	\$1,231,504	\$255,900

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$495,482	\$376,131	\$119,351
Special Revenue	586,860	554,935	31,925
Debt Service	22,000	215,142	(193,142)
Capital Projects	0	82,800	(82,800)
Total	\$1,104,342	\$1,229,008	(\$124,666)

Contrary to Ohio law, budgetary expenditures exceeded appropriation authority in the Debt Service Fund by \$180,523 and \$193,142 for the years ended December 31, 2001 and 2000 respectively because the Village did not appropriate the refunding of Bond Anticipation Notes. Also, budgetary expenditures exceeded appropriation authority in the Capital Projects Fund by \$5,015 and \$82,800 for the years ended December 31, 2001 and 2000 respectively because the Village did not appropriate the State Issue 2 grant expenditures.

4. PROPERTY TAX

Real property taxes become a lien on January 1 preceding the October 1 date for which rates are adopted by Village Council. The State Board of Tax Equalization adjusts these rates for inflation. Property taxes are also reduced for applicable homestead and rollback deductions. Homestead and rollback amounts are then paid by the State, and are reflected in the accompanying financial statements as Intergovernmental Receipts. Payments are due to the County by December 31. If the property owner elects to make semiannual payment, the first half is due December 31. The second half payment is due the following June 20.

Public utilities are also taxed on personal and real property located within the Village.

**VILLAGE OF AMELIA
CLERMONT COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(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. DEBT

Debt outstanding at December 31, 2001 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Various Purpose Bond Anticipation Notes	\$169,000	4.50%
Computer System Bond Anticipation Note	12,000	3.88%
Total	<u>\$181,000</u>	

The original Various Purpose Bond Anticipation Notes were issued in 1996 with the purpose of constructing various public improvements. The Village retires the notes each year and makes interest payments each year at that time. New one-year notes are then issued. The proceeds from this note were paid to the Village's Various Purpose Bond Anticipation Note Fund, which is a Debt Service Fund type.

The original Computer System Bond Anticipation Note was issued in 1999 with the purpose of making improvements to the Village's computer system. The Village retires the notes each year and makes interest payments each year at that time. New one-year notes are then issued. The proceeds from this note were paid to the Village's Computer Fund, which is a Special Revenue Fund type.

7. RETIREMENT SYSTEMS

The Village's law enforcement officers belong to the Ohio Police and Fire Pension Funds (OP&F). Other full-time employees belong to the Public Employees Retirement System (PERS) of Ohio. OP&F and PERS are cost-sharing, multiple-employer plans. These plans provide 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 2001 and 2000, OP&F participants contributed 10% of their wages. The Village contributed an amount equal to 19.5% of police participant wages. PERS members contributed 8.5% of their wages. The Village contributed an amount equal to 13.55% of participants' gross salaries through June 30, 2000 and for 2001. Commencing July 1, 2000 through December 31, 2000, PERS temporarily reduced employer contributions to 8.13%. The Village has paid all contributions required through December 31, 2001.

VILLAGE OF AMELIA
CLERMONT COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2001 AND 2000
(Continued)

8. RISK MANAGEMENT

The Government 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, 2000 and 1999 generally protect against individual losses over \$150,000 (\$100,000 for policies issued after March 31, 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 audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained (deficit) earnings at December 31, 2000 and 1999 (the latest information available)..

	<u>2000</u>	<u>1999</u>
Assets	\$2,958,827	\$4,151,450
Liabilities	<u>3,863,373</u>	<u>3,461,914</u>
Retained (deficit) earnings	<u>(\$904,546)</u>	<u>\$689,536</u>



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

Village of Amelia
Clermont County
44 West Main Street
Amelia, Ohio 45102

To the Village Council:

We have audited the accompanying financial statements of the Village of Amelia, Clermont County, Ohio (the Village), as of and for the years ended December 31, 2001 and 2000, and have issued our report thereon dated June 27, 2002. 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 numbers 2001-30413-001 through 2001-30413-003. We also noted certain immaterial instances of noncompliance that we have reported to management of the Village in a separate letter dated June 27, 2002.

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 certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. 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 2000-30413-001.

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. However, we do not believe the reportable condition described above is a material weakness.

Village of Amelia
Clermont County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

This report is intended solely for the information and use of the management and Village Council, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro", written in a cursive style.

Jim Petro
Auditor of State

June 27, 2002

VILLAGE OF AMELIA
CLERMONT COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2001 AND 2000

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

FINDING NUMBER 2001-30413-001

Material Noncompliance/Reportable Condition

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

This section also provides for the following exceptions to this requirement:

- A. Then and Now Certificates - If no certificate is issued at the time the contract or order is entered into, the fiscal officer may later certify that there were funds properly appropriated and in the treasury or in the process of collection and such funds were free from a previous encumbrance, both at the time the contract or order was entered into and at the time of the certificate. The council may then authorize the fiscal office to issue a warrant in payment of the amount due upon such contract or order by resolution within thirty (30) days from the receipt of such certificate; or
- B. If the amount involved is less than one thousand dollars (\$1,000), the fiscal officer may authorize payment through a "Then and Now" Certificate without affirmation of the Village Council if such expenditure is otherwise valid.

The Village ordered and received goods and/or services without first obtaining the certificate of the Treasurer and did not meet the requirements for exceptions to the certificate requirements. As a result, the Village improperly encumbered thirty percent (30%) of the transactions that we reviewed. Failure to properly certify the availability of funds can result in overspending and negative cash balances.

Therefore, we recommend the Village properly utilize the encumbrance method of accounting by certifying the availability of funds. The Village should obtain approved purchase orders, which contain the Clerk-Treasurer's certification that the amount required to meet the obligation has been lawfully appropriated and authorized, prior to making a commitment.

FINDING NUMBER 2001-30413-002

Material Noncompliance

Ohio Rev. Code, Section 5705.09, requires the Village to establish a special fund for each class of revenues derived from a source other than the general property tax, which the law requires to be used for a particular purpose. Upon establishing a fund, estimated receipts should be certified to the County Auditor as available for expenditures and anticipated expenditures should be included in the Village's appropriations.

During fiscal year 2000, the Village participated in the Ohio Public Works Commission's Issue 2 Funding Program. Under this program, the State made payments of "Issue 2" monies to contractors on behalf of the Village. The Village did not formally establish the required fund to account for these monies and did not include these monies within its annual budget. Guidelines on the accounting treatment for these types of transactions are set forth in Auditor of State Bulletin 2002-04. The financial statements reflect an adjustment to include "Issue 2" money.

**FINDING NUMBER 2001-30413-002
 (Continued)**

Additionally, Ohio Rev. Code, Section 5705.41 (B), prohibits a subdivision from making an expenditure unless it has been properly appropriated. The financial statements reflect an adjustment to include "Issue 2" receipts and expenditures; however, the Village did not include these monies within its annual budget, which resulted in expenditures exceeding appropriations in the Issue 2 fund by \$5,015 in 2001 and \$82,800 in 2000.

We recommend the Village formally establish an Issue 2 fund and record all future "Issue 2" payments to contractors on the Village's behalf in this fund. The Village should also include all "Issue 2" monies in its annual budget and continue to monitor the budgetary activity, obtaining any necessary amendments.

FINDING NUMBER 2001-30413-003

Material Noncompliance Citation

Ohio Rev. Code, Section 5705.41(B), prohibits a subdivision from making an expenditure unless it has been properly appropriated. The following funds had expenditures that exceeded appropriations as of December 31, 2001 and 2000 respectively:

Fund	<u>2001</u>	<u>2000</u>
<i>Special Revenue</i>		
Computer Fund		15,479
<i>Debt Service</i>		
Various Purpose Bond Anticipation Note Fund	163,685	193,152
Computer Service Bond Anticipation Note Fund	16,838	
<i>Capital Projects</i>		
OPWC	5,015	82,800
Total	<u><u>\$185,538</u></u>	<u><u>\$291,431</u></u>

Expenditures exceeding appropriations could result in the Village's having negative fund balances. Therefore, we recommended that Village personnel and Council review its budgetary compliance on a monthly basis and make adjustments as required.

**VILLAGE OF AMELIA
CLERMONT COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2001 AND 2000**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
1999-30413-001	Accounting System in disarray.	Yes	Corrected. Converted manual system to UAN.
1999-30413-002	Revised Code 5705.41(D), failure to certify funds	No	Not Corrected. Reported as a Material Noncompliance/Reportable Condition for Fiscal Years 2001 and 2000.
1999-30413-003	Establishment of Funds	No	Not Corrected. Reported as Material Noncompliance for Fiscal Years 2001 and 2000.
1999-30413-004	Expenditures exceeding Appropriations	No	Not Corrected. Reported as Material Noncompliance for Fiscal Years 2001 and 2000.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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VILLAGE OF AMELIA

CLERMONT COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JULY 30, 2002**