

VILLAGE OF AMSTERDAM
JEFFERSON COUNTY

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2005 - 2004



Mary Taylor, CPA
Auditor of State

Village Council
Village of Amsterdam
P. O. Box 115
Amsterdam, Ohio 43903

We have reviewed the *Independent Accountants' Report* of the Village of Amsterdam, Jefferson County, prepared by Knox & Knox, CPAS, for the audit period January 1, 2004 through December 31, 2005. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

The financial statements in the attached report are presented in accordance with a regulatory basis of accounting prescribed or permitted by the Auditor of State. Due to a February 2, 2005 interpretation from the American Institute of Certified Public Accountants (AICPA), modifications were required to the *Independent Accountants' Report* on your financial statements. While the Auditor of State 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. The attached report includes an opinion relating to GAAP presentation and measurement requirements, but does not imply the statements are misstated under the non-GAAP regulatory basis. The *Independent Accountants' Report* also includes an opinion on the financial statements using the regulatory format the Auditor of State permits.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of Amsterdam is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

June 13, 2007

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VILLAGE OF AMSTERDAM
JEFFERSON COUNTY

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KNOX & KNOX

Accountants and Consultants

Independent Accountants' Report

Village of Amsterdam
Jefferson County
103 Springfield Street
Amsterdam, OH 43903

We have audited the accompanying financial statements of the Village of Amsterdam, Jefferson County, Ohio, (the Village) as of and for the years ended December 31, 2005 and 2004. 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, if any, 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 described more fully in Note 1, the Village has prepared its 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 accounting principles generally accepted in the United States of America, we presume they are material.

Revisions to GAAP would require the Village of Amsterdam to reformat its financial statement presentation and make other changes effective for the years ended December 31, 2005 and 2004. Instead of the combined funds the accompanying financial statements present for 2005 and 2004, the revisions require presenting entity wide statements and also to present its larger (i.e. major) funds separately for 2005 and 2004. While the Village of Amsterdam does not follow GAAP, generally accepted auditing standards require us to include the following paragraph if the statements do not substantially conform to the new GAAP presentation requirements. The Auditor of State permits, but does not require governments to reformat their statements. The

Village of Amsterdam has elected not to reformat its statements. Since the Village of Amsterdam does not use GAAP to measure financial statement amounts, the following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Village of Amsterdam's combined funds as of December 31, 2005 and 2004, and their changes in financial position.

Also, in our opinion, the financial statements referred to above present fairly, in all material respects, the combined fund cash balances of the Village of Amsterdam, Jefferson County, as of December 31, 2005 and 2004, and its combined cash receipts and disbursements for the years then ended on the basis of accounting described in Note 1.

The aforementioned revision to generally accepted accounting principles also requires the Village of Amsterdam to include Management's Discussion and Analysis for the years ended December 31, 2005 and 2004. The Village of Amsterdam 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 April 23, 2007, on our consideration of the Village of Amsterdam's internal control over financial reporting and our tests of its compliance with laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Governmental Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

Knox & Knox

Orrville, Ohio
April 23, 2007

VILLAGE OF AMSTERDAM
JEFFERSON COUNTY

COMBINED STATEMENT OF CASH FUND BALANCES
ALL FUND TYPES
DECEMBER 31, 2005 AND 2004

Cash and Cash Equivalents	<u>2005</u>	<u>2004</u>
Cash and Cash Equivalents	<u>\$64,025</u>	<u>\$86,768</u>
Total Cash and Cash Equivalents	<u><u>\$62,025</u></u>	<u><u>\$86,768</u></u>
Cash Fund Balances		
Government Fund Types:		
General Fund	\$52,292	\$59,607
Special Revenue Funds	<u>11,733</u>	<u>27161</u>
Total Government Fund Types	<u>64,025</u>	<u>86,768</u>
Total Cash Fund Balances	<u><u>\$64,025</u></u>	<u><u>\$86,768</u></u>

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

VILLAGE OF AMSTERDAM
JEFFERSON COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2005

	Governmental Fund Types		Totals (Memorandum Only)
	General	Special Revenue	
CASH RECEIPTS			
Property Tax and Other Local Taxes	\$19,039	\$15,803	\$34,842
Intergovernmental Receipts	22,353	25,869	48,222
Fines, Licenses, and Permits	7,838		7,838
Earnings on Investments	816		816
Miscellaneous	7,011	308	7,319
Total Cash Receipts	57,057	41,980	99,037
CASH DISBURSEMENTS			
Current:			
Security of Persons and Property	24,342	11,639	35,981
Public Health Services	468		468
Leisure Time Activities		11,346	11,346
Transportation		29,947	29,947
General Government	30,543	2,931	33,474
Basic Utility Services		4,721	4,721
Capital Outlay		5,459	5,459
Total Cash Disbursements	55,353	66,043	121,396
Total Receipts Over/ (Under) Disbursements	1,704	(24,063)	(22,359)
OTHER FINANCING RECEIPTS AND (DISBURSEMENTS)			
Transfers-In		8,635	8,635
Transfers-Out	(8,635)		(8,635)
Other Financing Uses	(384)		(384)
Total Other Financing Receipts/(Disbursements)	(9,019)	8,635	(384)
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	(\$7,315)	(\$15,428)	(\$22,743)
Fund Cash Balances, January 1	59,607	27,161	86,768
FUND CASH BALANCES, DECEMBER 31	\$52,292	\$11,733	\$64,025

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

VILLAGE OF AMSTERDAM
JEFFERSON COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2004

	<u>Governmental Fund Types</u>		Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	
CASH RECEIPTS			
Property Tax and Other Local Taxes	\$19,447	\$16,189	\$35,636
Intergovernmental Receipts	22,987	25,974	48,961
Fines, Licenses, and Permits	9,313		9,313
Earnings on Investments	21		21
Miscellaneous	<u>5,180</u>		<u>5,180</u>
Total Cash Receipts	<u>56,948</u>	<u>42,163</u>	<u>99,111</u>
CASH DISBURSEMENTS			
Current:			
Security of Persons and Property	22,180	11,308	33,488
Public Health Services	481		481
Leisure Time Activities		3,363	3,363
Transportation		19,092	19,092
General Government	37,406	2,976	40,382
Capital Outlay		<u>2,828</u>	<u>2,828</u>
Total Cash Disbursements	<u>60,067</u>	<u>39,567</u>	<u>99,634</u>
Total Receipts Over/ (Under) Disbursements	<u>(3,119)</u>	<u>2,596</u>	<u>(523)</u>
OTHER FINANCING RECEIPTS AND (DISBURSEMENTS)			
Transfers-In		500	500
Transfers-Out	(500)		(500)
Sale of Fixed Assets	40,800		40,800
Other Financing Uses	<u>(126)</u>		<u>(126)</u>
Total Other Financing Receipts/(Disbursements)	<u>40,174</u>	<u>500</u>	<u>40,674</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	\$37,055	\$3,096	\$40,151
Fund Cash Balances, January 1	<u>22,552</u>	<u>24,065</u>	<u>46,617</u>
FUND CASH BALANCES, DECEMBER 31	<u><u>\$59,607</u></u>	<u><u>\$27,161</u></u>	<u><u>\$86,768</u></u>

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

VILLAGE OF AMSTERDAM
JEFFERSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 and 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

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

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

B. Basis of Accounting

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

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

C. 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 Fund:

Street Construction, Maintenance, and Repair Fund - This fund receives gasoline tax and motor vehicle tax money for construction, maintenance and repairing Village streets.

D. Budgetary Process

The Ohio Revised Code requires that each fund 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.

VILLAGE OF AMSTERDAM
JEFFERSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 and 2004

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Budgetary Process (continued)

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.

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are cancelled, and reappropriated in the subsequent year.

A summary of 2005 and 2004 budgetary activity appears in Note 3.

E. 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:

	2005	2004
Demand deposits	\$ 64,025	\$ 86,768

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

3. BUDGETARY ACTIVITY

Budgetary activity for the years ended December 31, 2005 and 2004 follows:

2005 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$52,849	\$57,057	\$4,208
Special Revenue	46,214	50,615	4,401
Total	\$99,063	\$107,672	\$8,609

2005 Budgeted vs. Actual Budgetary Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$112,456	\$64,372	\$48,084
Special Revenue	73,375	66,043	7,332
Total	\$185,831	\$130,415	\$55,416

VILLAGE OF AMSTERDAM
JEFFERSON COUNTY

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2005 and 2004

3. BUDGETARY ACTIVITY (continued)

2004 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$97,705	\$97,748	\$43
Special Revenue	42,665	42,663	(2)
Total	\$140,370	\$140,411	\$41

2004 Budgeted vs. Actual Budgetary Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$120,257	\$60,693	\$59,564
Special Revenue	66,728	39,567	27,161
Total	\$186,985	\$100,260	\$86,725

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 for 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 owner, 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 belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. The plan provides retirement benefits, including post-retirement 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 2005 and 2004, members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of participants' gross salaries. The Village has paid all contributions required through December 31, 2005.

6. RISK MANAGEMENT

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

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

KNOX & KNOX

Accountants and Consultants

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

Village of Amsterdam
Jefferson County
103 Springfield Street
Amsterdam, OH 43903

We have audited the accompanying financial statements of the Village of Amsterdam as of and for the years ended December 31, 2005 and 2004, and have issued our report thereon dated April 23, 2007, 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 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.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered the Village of Amsterdam'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 an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable 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 caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving internal control over financial reporting that we have reported to the management of the Village of Amsterdam in a separate letter dated April 23, 2007.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Village of Amsterdam's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with

Village of Amsterdam
JeffersonCounty
Independent Accountants' Report on
Compliance and on Internal Control
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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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

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

Knox & Knox

Orrville, Ohio
April 23, 2007



Mary Taylor, CPA
Auditor of State

VILLAGE OF AMSTERDAM

JEFFERSON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
JUNE 26, 2007