

***VILLAGE OF AMELIA
CLERMONT COUNTY, OHIO***

AUDIT REPORT

FOR THE YEARS ENDED DECEMBER 31, 2011 AND 2010

Charles E. Harris and Associates, Inc.
Certified Public Accountants and Government Consultants



Dave Yost • Auditor of State

Village Council
Village of Amelia
44 West Main Street
Amelia, Ohio 45102

We have reviewed the *Report of Independent Accountants* of the Village of Amelia, Clermont County, prepared by Charles E. Harris & Associates, Inc., for the audit period January 1, 2010 to December 31, 2011. 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 *Report of Independent Accountants* 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 *Report of Independent Accountants* 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 Amelia is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

December 10, 2012

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**VILLAGE OF AMELIA
CLERMONT COUNTY
AUDIT REPORT
For Years Ending December 31, 2011 and 2010**

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

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, (the Village) as and for the years ended December 31, 2011 and 2010. 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 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 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.

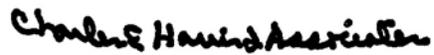
Instead of the combined finds the accompanying financial statements present, GAAP require presenting entity wide statements and also presenting the Village's larger (i.e. major) funds separately. While the Village does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to the GAAP presentation requirements. The Auditor of State permits, but does not require governments 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.

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, 2011 and 2010, 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, 2011 and 2010, 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 as of December 31, 2011 and 2010 of the Village and its combined cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

As described in Note 4, during 2010 the Village adopted Government Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 26, 2012, 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, 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 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.



Charles E. Harris & Associates, Inc.

October 26, 2012

VILLAGE OF AMELIA
CLERMONT COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES -
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2011

	Governmental Fund Types			Totals-
	General	Special Revenue	Capital Projects	(Memorandum Only)
Receipts:				
Property Taxes	\$ 120,011	874,401	\$ -	\$ 994,412
Intergovernmental	142,436	339,918	-	482,354
Charges for Services	850	150	-	1,000
Fines, Licenses and Permits	95,106	4,606	-	99,712
Interest	3,918	4	-	3,922
Miscellaneous	2,911	3,655	-	6,566
Total Receipts	<u>365,232</u>	<u>1,222,734</u>	<u>-</u>	<u>1,587,966</u>
Disbursements:				
Current:				
Security of Persons & Property	45,264	778,428	-	823,692
Public Health Service	13,538	16,008	-	29,546
Leisure Time Activities	-	2,268	-	2,268
Community Environment	4,909	-	-	4,909
Basic Utility Services	-	4,468	-	4,468
Transportation	-	160,193	-	160,193
General Government	270,102	59,913	-	330,015
Capital Outlay	-	23,616	-	23,616
Debt Service:				
Principal	-	23,041	-	23,041
Interest	-	2,623	-	2,623
Total Disbursements	<u>333,813</u>	<u>1,070,558</u>	<u>-</u>	<u>1,404,371</u>
Total Receipts Over/(Under) Disbursements	31,419	152,176	-	183,595
Other Financing Sources:				
Proceeds of Loan	-	20,876	-	20,876
Total of Other Financing Sources	<u>-</u>	<u>20,876</u>	<u>-</u>	<u>20,876</u>
Excess of Cash Receipts and Other Financing Receipts over / (Under) Cash Disbursements	31,419	173,052	-	204,471
Fund Cash Balance, January 1, 2011	<u>62,443</u>	<u>717,948</u>	<u>100,000</u>	<u>880,391</u>
Fund Cash Balance:	-	891,000	100,000	991,000
Restricted	93,862	-	-	93,862
Unassigned	<u>\$ 93,862</u>	<u>\$ 891,000</u>	<u>\$ 100,000</u>	<u>\$ 1,084,862</u>
Fund Cash Balance, December 31, 2011				

See Accompanying Notes to the Financial Statements.

VILLAGE OF AMELIA
CLERMONT COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES -
ALL FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>Fiduciary Fund Type</u> <u>Agency</u>
Other Financing Receipts/(Disbursements):	
Other Financing Sources	52,901
Other Financing Uses	<u>(54,236)</u>
Total of Other Financing Receipts / (Disbursements)	(1,335)
Fund Cash Balance, January 1, 2011	<u>4,755</u>
Fund Cash Balance, December 31, 2011	<u>\$ 3,420</u>

See Accompanying Notes to the Financial Statements.

VILLAGE OF AMELIA
CLERMONT COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES -
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2010

	Governmental Fund Types			Totals- (Memorandum Only)
	General	Special Revenue	Capital Projects	
Receipts:				
Property Taxes	\$ 124,014	856,212	\$ -	\$ 980,226
Intergovernmental	161,900	341,628	-	503,528
Charges for Services	28	-	-	28
Fines, Licenses and Permits	100,048	8,973	-	109,021
Interest	1,671	15	-	1,686
Miscellaneous	9,175	2,023	-	11,198
Total Receipts	396,836	1,208,851	-	1,605,687
Disbursements:				
Current:				
Security of Persons & Property	48,610	1,166,801	-	1,215,411
Public Health Service	13,354	26,323	-	39,677
Leisure Time Activities	2,687	1,788	-	4,475
Community Environment	6,096	-	-	6,096
Basic Utility Services	-	9,491	-	9,491
Transportation	-	171,742	-	171,742
General Government	274,378	18,900	-	293,278
Debt Service:				
Principal	-	101,350	-	101,350
Interest	-	5,228	-	5,228
Total Disbursements	345,125	1,501,623	-	1,846,748
Total Receipts Over/(Under) Disbursements	51,711	(292,772)	-	(241,061)
Other Financing Sources/(Uses):				
Proceeds of Loan	-	80,000	-	80,000
Transfers-In	-	7,500	-	7,500
Transfers-Out	(7,500)	-	-	(7,500)
Other Financing Uses	(4,252)	-	-	(4,252)
Total of Other Financing Sources/(Uses)	(11,752)	87,500	-	75,748
Excess of Cash Receipts and Other Financing Sources Over/(Under) Cash Disbursements and Other Financing Uses	39,959	(205,272)	-	(165,313)
Fund Cash Balance, January 1, 2010, Restated (Note 12)	22,484	923,220	100,000	1,045,704
Fund Cash Balance:				
Restricted	-	717,948	100,000	817,948
Unassigned	62,443	-	-	62,443
Fund Cash Balance, December 31, 2010	\$ 62,443	\$ 717,948	\$ 100,000	\$ 880,391

See Accompanying Notes to the Financial Statements.

VILLAGE OF AMELIA
CLERMONT COUNTY

COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES -
ALL FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2010

	<u>Fiduciary Fund Type Agency</u>
Other Financing Receipts/(Disbursements):	
Other Financing Sources	59,105
Other Financing Uses	<u>(57,328)</u>
Total of Other Financing Receipts/(Disbursements)	1,777
Fund Cash Balance, January 1, 2010	<u>2,978</u>
Fund Cash Balance, December 31, 2010	<u>\$ 4,755</u>

See Accompanying Notes to the Financial Statements.

VILLAGE OF AMELIA
CLERMONT COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2011 and 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. DESCRIPTION OF THE ENTITY

The Village of Amelia, (the Village) is a body corporate and politic established for the purpose of exercising 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 street maintenance and water utilities operations, park operations, and police protection services. The Village appropriates General Fund money to support a volunteer fire department.

The Village's management believes these financial statements included in this report represent all of the funds of the Village over which the Village has the ability to exercise direct operating control.

B. BASIS OF ACCOUNTING

The Village prepares its financial statements following the basis of accounting prescribed or permitted by the Auditor of State, which is similar to the cash receipts and disbursements basis 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.)

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

C. CASH AND INVESTMENTS

The Village maintains all available cash in an interest-bearing checking account and a savings account.

D. FUND ACCOUNTING

The Village maintains its accounting records in accordance with the principles of "Fund" accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity which stands separate from the activities reported in other funds. The restrictions associated with each class of funds are as follows:

**VILLAGE OF AMELIA
CLERMONT COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2011 and 2010**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

D. FUND ACCOUNTING – (Continued)

Governmental Fund Types:

General Fund: The general operating fund of the Village. It is used to account for all financial resources except those required by law or contract to be accounted for in another fund.

Special Revenue Funds: These funds are used to account for proceeds from special sources (other than from trusts or for capital projects) that are restricted to expenditures 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.

Capital Projects Funds: These funds account for receipts restricted to acquiring or constructing major capital projects (except for those financed through enterprise or trust funds). The Village had the following significant capital projects fund:

- Main Street/Woodlands Dr. Improvement Fund – This fund received money from a developer to pursue the installation of a traffic light at the intersection of Main Street and Woodlands Dr.

Fiduciary Fund (Agency only):

Agency Fund: Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village had only the following Agency Fund:

- Other Agency – this fund accounts for monies received and disbursed by the Mayor’s Court.

VILLAGE OF AMELIA
CLERMONT COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2011 and 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

E. BUDGETARY PROCESS

The Ohio Revised Code requires that each fund (except agency funds) be budgeted annually.

a. 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. Appropriation may not exceed estimated resources.

b. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund, function and 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 and are re-appropriated.

c. 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 re-appropriated in the subsequent year.

A summary of 2011 and 2010 budgetary activity appears in Note 7.

F. PROPERTY, PLANT AND EQUIPMENT

Acquisitions of property, plant and equipment are recorded as capital outlay disbursements when paid. These items are not reflected as assets on the accompanying financial statements.

VILLAGE OF AMELIA
CLERMONT COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2011 and 2010

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

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.

H. FUND BALANCES

Fund balance is divided into five classifications based primarily on the extent to which the Village is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable

The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.

Restricted

Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions.

Committed

The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the Village Council. Those committed amounts cannot be used for any other purpose unless the Village Council removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

**VILLAGE OF AMELIA
CLERMONT COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2011 and 2010**

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

Assigned

Amounts in the assigned fund balance classification are intended to be used by the Village for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Village Council, which includes giving the Fiscal Officer the authority to constrain monies for intended purposes.

Unassigned

Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The Village applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

2. CASH AND INVESTMENTS

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

	<u>2010</u>	<u>2011</u>
Demand deposits	\$ 284,504	\$ 487,471
Certificates of Deposit	300,000	300,000
STAR Ohio	<u>300,642</u>	<u>300,811</u>
Total deposits	<u>\$ 885,146</u>	<u>\$1,088,282</u>

VILLAGE OF AMELIA
CLERMONT COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2011 and 2010

2. CASH AND INVESTMENTS – (Continued)

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

Investments: Investments in STAR Ohio is not evidenced by securities that exist in physical or book-entry form.

3. PROPERTY TAXES

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.

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

4. CHANGE IN ACCOUNTING PRINCIPLE

For fiscal year 2010, the Village has implemented Governmental Accounting Standards Board (GASB) Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions". GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The implementation of this statement did not result in the reclassification of funds or the restatement of the Village's financial statements.

**VILLAGE OF AMELIA
CLERMONT COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2011 and 2010**

5. DEFINED BENEFIT PENSION PLAN

The Village's full-time Police Officers belong to the Police and Fire Pension Fund (OP&F). The Village's elected officials and other employees belong to the Ohio Public Employees Retirement System (OPERS). OP&F and OPERS are cost-sharing, multiple-employer plan. 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 2011 and 2010, OP&F participants contributed 10% of their wages. For 2011 and 2010, the Village contributed an amount equal to 19.5% of full-time police officers wages. For 2011 and 2010, OPERS members contributed 10.0 percent of their wages. During 2011 and 2010 the Village contributed an amount equal to 14.0 percent of participants' gross wages. The Village has paid all contributions required through December 31, 2011.

6. DEBT

Debt outstanding at December 31, 2011 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
Bond Anticipation Notes (2010)	\$66,099	2.59%
OPWC #CT26C	39,330	0.00%
Riverhills Bank #20110454 - police cruiser loan	<u>15,876</u>	4.00%
Total	<u><u>\$121,305</u></u>	

Beginning debt was understated by \$54,820.

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

Year Ending	Bond Anticipation Note	OPWC	Riverhills Bank
December 31:	(2010)	#CT26C	#20110454 police cruiser loan
2012	\$17,658	\$4,140	\$7,366
2013	17,243	4,140	7,366
2014	16,829	4,140	1,840
2015	16,414	4,140	0
2016	0	4,140	0
2017-2021	0	18,630	0
Total	<u><u>\$68,144</u></u>	<u><u>\$39,330</u></u>	<u><u>\$16,571</u></u>

**VILLAGE OF AMELIA
CLERMONT COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2011 and 2010**

6. DEBT – (Continued)

The Village issued bond anticipation notes in 2007 in the amount of \$105,000. The notes were renewed in 2008 for \$100,000 and renewed again in 2009 for \$90,000 and again in 2010 for \$80,000. 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 of the notes were paid into the Village's Service Facility Construction fund. The Village's taxing authority collateralized the notes.

The Ohio Public Works Commission loan in the amount of \$82,800 was originated in 2001 for the purpose of Oak Street traffic lights improvement. It is scheduled to be fully repaid by 2021.

The loan with Riverhills Bank originated in 2011 for the purpose financing the purchase of a police cruiser. The loan is scheduled to be repaid in 2014.

7. BUDGETARY ACTIVITY

2011 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 365,168	\$ 365,232	\$ 64
Special Revenue	1,242,112	1,243,610	1,498

2011 Budgeted vs. Actual Budgetary Basis Disbursements

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Disbursements</u>	<u>Variance</u>
General	\$ 389,847	\$ 333,813	\$ 56,034
Special Revenue	1,560,675	1,070,558	490,117
Capital Projects	100,000	- 0 -	100,000

2010 Budgeted vs. Actual Receipts

<u>Fund Type</u>	<u>Budgeted Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
General	\$ 399,093	\$ 396,836	\$ (2,257)
Special Revenue	1,299,862	1,296,351	(3,511)

2010 Budgeted vs. Actual Budgetary Basis Disbursements

<u>Fund Type</u>	<u>Appropriation Authority</u>	<u>Budgetary Disbursements</u>	<u>Variance</u>
General	\$ 400,254	\$ 356,877	\$ 43,377
Special Revenue	2,122,968	1,501,623	621,345
Capital Projects	96,395	-0-	96,395

**VILLAGE OF AMELIA
CLERMONT COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2011 and 2010**

8. **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 Villages. PEP provides property and casualty coverage for its members. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of PEP and provides underwriting, claims, loss control, risk management, and reinsurance services for PEP. PEP is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member Villages pay annual contributions to fund PEP. PEP pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides PEP with an excess risk-sharing program. Under this arrangement, PEP retains insured risks up to an amount specified in the contracts. At December 31, 2010, PEP retained \$350,000 for casualty claims and \$150,000 for property claims.

The aforementioned casualty and property reinsurance agreement does not discharge PEP's primary liability for claims payments on covered losses. Claims exceeding coverage limits are the obligation of the respective Village.

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, 2010 and 2009 (the latest information available):

	<u>2010</u>	<u>2009</u>
Assets	\$34,952,010	\$36,374,898
Liabilities	(14,320,812)	(15,256,862)
Net Assets	<u>\$20,631,198</u>	<u>\$21,118,036</u>

**VILLAGE OF AMELIA
CLERMONT COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2011 and 2010**

8. RISK MANAGEMENT – (Continued)

At December 31, 2010 and 2009, respectively, the liabilities above include approximately \$12.9 million and \$14.1 million of estimated incurred claims payable. The assets above also include approximately \$12.4 million and \$13.7 million of unpaid claims to be billed to approximately 454 member Villages in the future, as of December 31, 2010 and 2009, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2010, the Village’s share of these unpaid claims collectible in future years is approximately \$14,000.

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.

<u>Contributions to PEP</u>	
<u>2011</u>	<u>2010</u>
\$ 15,429	\$ 13,941

After one year of membership, a member may withdraw on the anniversary of the date of joining PEP, if the member notifies PEP in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year’s contribution. Withdrawing members have no other future obligation to PEP. 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.

There have been no significant reductions in insurance coverage from the prior fiscal years and settled claims have not exceeded this commercial coverage in any of the last three years. The Village pays the State Worker's Compensation System a premium based on a rate per \$100 of salaries. The rate is calculated based on accident history and administrative costs.

9. CONTINGENT LIABILITIES/ SUBSEQUENT EVENTS

Management believes there are no pending claims or lawsuits.

**VILLAGE OF AMELIA
CLERMONT COUNTY, OHIO
Notes to the Financial Statements
For the Years Ended December 31, 2011 and 2010**

10. BUDGETARY NONCOMPLIANCE

The Village had the following citations for budgetary noncompliance:

- Contrary to **Ohio Rev. Code Section 5705.41(D)(1)**, the Village did not obtain prior certification for expenditures.

11. INTERFUND TRANSFERS

During 2010, the Village made the following transfers:

Fund	Transfers In	Transfers Out
General Fund	\$ -0-	\$ 7,500
Special Revenue Fund:		
State Highway Fund	7,500	-0-

The transfers represent the allocation of unrestricted receipts collected in the General Fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

12. PRIOR PERIOD FUND ADJUSTMENT

The Village had a prior period fund balance adjustment to the following funds:

Fund	Fund Balance 12/31/2009	Prior Period Adjustment	Fund Balance Restated 1/1/2010
General Fund	\$16,089	\$ 6,395	\$ 22,484
Main St. / Woodland Dr. Improvement Fund	106,395	(6,395)	100,000

The Village received a \$100,000 donation from a Developer in 2006 to be used on a future transportation project. The interest earned on the money was to be deposited into the Village's General Fund. This adjustment is a correction of the posting of the interest to the General Fund.

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Charles E. Harris & Associates, Inc.
Certified Public Accountants

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 Street
Amelia, Ohio 45102

To the Village Council:

We have audited the financial statements of the Village of Amelia, Clermont County (the Village), as of and for the years ended December 31, 2011 and 2010, and have issued our report thereon dated October 26, 2012, wherein we noted the Village prepared its financial statements using accounting practices the Auditor of State prescribes or permits rather than accounting principles generally accepted in the United States of America. As described in Note 4, for the year ended December 31, 2010, the Village adopted Governmental Accounting Standards Board Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." We conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Controls 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 auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining 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 preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings we identified a certain deficiency in internal control over financial reporting, that we consider to be a material weakness.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider finding 2011-2 described in the accompanying schedule of findings to be a material weakness.

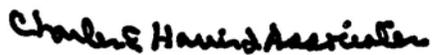
Compliance and Other Matters

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 such an opinion. The results of our tests disclosed an instance of noncompliance or other matter we must report under *Government Auditing Standards*, which is disclosed in the schedule of findings as item 2011-1.

The Village's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the Village's responses and, accordingly, we express no opinion on them.

We noted certain matters that we have reported to management of the Village in a separate letter dated October 26, 2012.

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



Charles E. Harris & Associates, Inc.

October 26, 2012

**VILLAGE OF AMELIA
CLERMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2011 & 2010**

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

**FINDING NUMBER 2011-1
Noncompliance Citation**

Ohio Revised Code Section 5705.41 (D)(1), requires, in part, that no subdivision or taxing unit shall make any contract or order any expenditure unless there is attached thereto a certificate of the fiscal officer of the subdivision certifying that the amount required to meet the obligation has been lawfully appropriated for such purposes and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Every contract made without such a certificate shall be void and no warrant shall be issued in payment of any amount due thereon.

There are several exceptions to the standard requirement stated above that a fiscal officer's certificate must be obtained prior to a subdivision or taxing authority entering into a contract or order involving the expenditure of money. The main exceptions are: "then and now" certificates, blanket certificates, and super blanket certificates, which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

"Then and Now" Certificate – If the fiscal officer can certify that both at the time the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the Village can authorize the drawing of a warrant for the payment of the amount due. The Village has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution.

Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditure by the Village.

Blanket Certificate – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

Super Blanket Certificate – The Village may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

**VILLAGE OF AMELIA
CLERMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2010 & 2011**

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

**FINDING NUMBER 2011-1
(Continued)**

Eight percent of transactions we tested for 2011 and 2010 did not include prior certification of the availability of funds by the Fiscal Officer nor was there any evidence of a “Then and Now” certificate being used. Failure to properly certify the availability of funds can result in overspending funds and negative cash balances.

We recommend the Village’s management implement procedures to gain fiscal control over expenditures. Purchase orders containing the required certification should be utilized to certify the availability of funds prior to commitments being incurred. Appropriations should then be encumbered and balances maintained of unencumbered appropriations. Additional purchase orders should be issued only after the fiscal officer determines that sufficient unencumbered appropriations exist in the amount of the requested purchase.

Management’s Response:

The Fiscal Officer will review budgetary requirements, including purchasing.

**FINDING NUMBER 2011-2
Material Weakness**

Incorrect Accounting Transactions

During the audit of the Village’s financial records for the years ended December 31, 2011 and 2010 we noted a number of transactions incorrectly recorded. The financial statements and Village’s records have been reclassified to present the accounting information correctly.

The Village has agreed with the required reclassifications. Below is a listing of the various erroneous accounting transactions:

- During 2010, \$1,936, \$157 and \$1,418 of property tax collections received from Clermont County Auditor were credited to the Street Construction Maintenance and Repair Fund, State Highway and the Permissive MVL Tax Fund, respectively. They were re-classified to the General Fund.
- During 2011, proceeds from a loan used to purchase a police vehicle were not recorded nor was the resulting purchase recorded as capital outlay.
- During 2010, the Village made the final payment on a loan but recorded the transaction as Other Contractual Services. This transaction was reclassified to Debt Service.

**VILLAGE OF AMELIA
CLERMONT COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2010 & 2011**

<p>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - Continued</p>

**FINDING NUMBER 2011-2
(Continued)**

We recommend that the Village closely follow the Ohio Village Handbook and the Ohio Revised Code when recording transactions. We also recommend that the Fiscal Officer contact the Auditor of State for additional guidance as needed.

Management's Response:

The Fiscal Officer will follow the Ohio Village Handbook to correctly record all transactions.

**VILLAGE OF AMELIA
CLERMONT COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2011 AND 2010**

FINDING NUMBER	FUNDING SUMMARY	FULLY CORRECTED?	Not Corrected. Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain
2009-001	Contrary to Ohio Rev. Code Section 5705.41(D)(1) the Village did not certify the availability funds prior to commitment.	No	Citation re-issued as finding number 2011-1.
2009-002	Contrary to Ohio Rev. Code Section 5705.39 , the Village had appropriations in excess of Estimated Resources.	Yes	No longer valid
2009-003	Contrary to Ohio Rev. Code Section 5705.36 Village did not request amended certificate of resources.	Yes	No longer valid
2009-004	Village had incorrect accounting transactions.	No	Citation re-issued as finding number 2011-2.
2009-005	Contrary to Ohio Rev. Code Section 5705.10 the Village had negative fund balances.	No	Citation moved to the Management Letter.
2009-006	Village did not adequately reconcile the Mayor's Court records to month-end bank reconciliations.	Yes	No longer valid



Dave Yost • Auditor of State

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
DECEMBER 20, 2012