



Mary Taylor, CPA
Auditor of State

VILLAGE OF AMANDA
FAIRFIELD COUNTY

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Village of Amanda
Fairfield County
116 East Main Street
P.O. Box 250
Amanda, Ohio 43102-0250

To the Village Council:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Amanda, Fairfield County, Ohio (the Village), as of and for the year ended December 31, 2005, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. The Village processes its financial transactions with the Auditor of State's Uniform Accounting Network (UAN). *Government Auditing Standards* considers this service to impair the independence of the Auditor of State to audit the Village because the Auditor of State designed, developed, implemented, and as requested, operates UAN. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code §117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We believe our audit provides a reasonable basis for our opinions.

As discussed in Note 2, the accompanying financial statements and notes follow the modified cash accounting basis. This is a comprehensive accounting basis other than accounting principles generally accepted in the United States of America.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Amanda, Fairfield County, Ohio, as of December 31, 2005, and the respective changes in modified cash basis financial position and the respective budgetary comparisons of the General Fund, Street Construction, Maintenance, and Repair Fund, Street Levy Fund, and Federal Grant Fund thereof for the year ended December 31, 2005 in conformity with the basis of accounting Note 2 describes.

As discussed in Note 4, for the year ended December 31, 2005, the Village revised its financial presentation comparable to the requirements of Governmental Accounting Standard No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*.

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In accordance with *Government Auditing Standards*, we have also issued our report dated March 23, 2007, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

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

Mary Taylor, CPA
Auditor of State

March 23, 2007

**VILLAGE OF AMANDA
FAIRFIELD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005
UNAUDITED**

This discussion and analysis of the Village of Amanda (the Village) financial performance provides an overall review of the Village's financial activities for the year ended December 31, 2005, within the limitations of the Village's modified cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Village's financial performance.

Highlights

Key highlights for 2005 are as follows:

Net assets of governmental activities decreased \$70,623 or 48 percent, as compared to 2004. The primary reason for the decrease in cash balances was due to the payment of the Herron Property loan and increased costs in professional fees.

The Village's general receipts are primarily property taxes and intergovernmental receipts. These receipts represent 41 percent of the total cash received for governmental activities during the year. Property tax and intergovernmental receipts for 2005 changed very little compared to 2004.

Net assets of business-type activities decreased \$36,624 or 18 percent, as compared to 2004.

During 2005, the Village continued its three year water and sewer plant design expansion project financed with loans from OWDA and scheduled to begin during 2007.

Using the Basic Financial Statements

This annual report is presented in a format consistent with the presentation requirements of Governmental Accounting Standards Board Statement No. 34, as applicable to the Village's modified cash basis of accounting.

Report Components

The statement of net assets and the statement of activities provide information about the cash activities of the Village as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the Village as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Village has elected to present its financial statements on a modified cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Village's modified cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

**VILLAGE OF AMANDA
FAIRFIELD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005
UNAUDITED
(Continued)**

As a result of using the modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the modified cash basis of accounting.

Reporting the Village as a Whole

The statement of net assets and the statement of activities reflect how the Village did financially during 2005, within the limitations of modified cash basis accounting. The statement of net assets presents the cash balances of the governmental and business-type activities of the Village at year end. The statement of activities compares cash disbursements with program receipts for each governmental program and business-type activity. Program receipts include charges paid by the recipient of the program's goods or services and operating grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function or business-type activity draws from the Village's general receipts.

These statements report the Village's cash position and the changes in cash position. Keeping in mind the limitations of the modified cash basis of accounting, you can think of these changes as one way to measure the Village's financial health. Over time, increases or decreases in the Village's cash position is one indicator of whether the Village's financial health is improving or deteriorating. When evaluating the Village's financial condition, you should also consider other nonfinancial factors as well such as the Village's property tax base, the condition of the Village's capital assets and infrastructure, the extent of the Village's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property and income taxes.

In the statement of net assets and the statement of activities, we divide the Village into two types of activities:

Governmental activities. Most of the Village's basic services are reported here, including fire, streets, and trash collection. Property taxes and intergovernmental receipts finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Business-type activity. The Village has two business-type activities, the provision of water and sewer. Business-type activities are financed by fees charged to the customers receiving the service.

Reporting the Village's Most Significant Funds

Fund financial statements provide detailed information about the Village's major funds - not the Village as a whole. The Village establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the Village are split into two categories: governmental and proprietary.

**VILLAGE OF AMANDA
FAIRFIELD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005
UNAUDITED
(Continued)**

Governmental Funds - Most of the Village's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Village's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Village's programs. The Village's significant governmental funds are presented on the financial statements in separate columns. The information for non-major funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Village's major governmental funds are the General Fund, the Street Construction, Maintenance and Repair Fund, the Street Levy Fund, and the Federal Grant Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements.

Proprietary Funds - When the Village charges customers for the services it provides, these services are generally reported in proprietary funds. When the services are provided to the general public, the activity is reported as an enterprise fund. The Village has three major enterprise funds, the Water, Sewer, and Sewer Reserve Funds. When the services are provided to other department of the Village, the service is reported as an internal service fund. The Village has no internal service funds.

The Village as a Whole

Table 1 provides a summary of the Village's net assets for 2005 compared to 2004 on a modified cash basis:

(Table 1)
Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2005	2004	2005	2004	2005	2004
Assets						
Cash and Cash Equivalents	\$76,641	\$147,264	\$167,474	\$204,098	\$244,115	\$351,362
Total Assets	76,641	147,264	167,474	204,098	244,115	351,362
Net Assets						
Restricted for:						
Other Purposes	67,330	46,987	0	0	67,330	46,987
Unrestricted	9,311	100,277	167,474	204,098	176,785	304,375
Total Net Assets	\$76,641	\$147,264	\$167,474	\$204,098	\$244,115	\$351,362

As mentioned previously, net assets of governmental activities decreased \$70,623 or 48 percent during 2005. The primary reasons contributing to the decreases in cash balances were due to the Village cashed in a certificate of deposit and retired a loan of \$46,150, including interest, incurred in 2003 with the Kingston National Bank for the purchase of the Herron property and due to the increase in professional fees of nearly \$16,000.

Table 2 reflects the changes in net assets in 2005. Since the Village did not prepare financial statements in this format for 2004, a comparative analysis of government-wide data has not been presented. In future years, when prior year information is available, a comparative analysis will be presented.

**VILLAGE OF AMANDA
FAIRFIELD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005
UNAUDITED
(Continued)**

(Table 2)
Changes in Net Assets

	Governmental Activities 2005	Business Type Activities 2005	Total 2005
Receipts:			
Program Receipts:			
Charges for Services and Sales	\$59,262	\$170,586	\$229,848
Operating Grants and Contributions	38,853	0	38,853
Total Program Receipts	98,115	170,586	268,701
General Receipts:			
Property and Other Local Taxes	48,512	0	48,512
Other Taxes	2,061	0	2,061
OWDA Loans	0	17,305	17,305
Grants and Entitlements Not Restricted to Specific Programs	25,235	0	25,235
Interest	3,327	0	3,327
Miscellaneous	9,470	2,050	11,520
Total General Receipts	88,605	19,355	107,960
Total Receipts	186,720	189,941	376,661
Disbursements:			
Security of Persons and Property	10,129	0	10,129
Leisure Time Activities	6,439	0	6,439
Community Environment	4,619	0	4,619
Basic Utilities	54,507	0	54,507
Transportation	61,020	0	61,020
General Government	74,479	0	74,479
Principal Retirement	43,000	0	43,000
Interest and Fiscal Charges	3,150	0	3,150
Water	0	129,191	129,191
Sewer	0	97,374	97,374
Total Disbursements	257,343	226,565	483,908
Increase (Decrease) in Net Assets	(\$70,623)	(\$36,624)	(\$107,247)

Program receipts represent 71 percent of total receipts and are primarily comprised of charges for services and sales.

General receipts represent 29 percent of the Village's total receipts and of that amount, over 70 percent was property and other tax and intergovernmental receipts. OWDA loans issued for engineering services for the water and sewer plant designs make up 16 percent, while interest and miscellaneous make up the balance of the Village's general receipts (14 percent). Miscellaneous receipts are unpredictable revenue sources.

**VILLAGE OF AMANDA
FAIRFIELD COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005
UNAUDITED
(Continued)**

Disbursements for General Government represent the overhead costs of running the Village and support services provided for other Government activities. These include costs of Council, a Village Administrator, and the fiscal officer, as well as internal services such as payroll and for purchasing.

Security of Persons and Property are the costs for fire protection; Basic Utilities are the costs associated with the Village's trash contractual services with Waste Management; Leisure Time Activities are the costs of maintaining the parks; Community Environment promotes the Village to industry and commerce as well as working with other governments in the area to attract new business; and Transportation is the cost of maintaining the roads.

Governmental Activities

If you look at the Statement of Activities on page 12, you will see that the first column lists the major services provided by the Village. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for basic utilities, transportation, and general government, accounting for 74 percent of all governmental disbursements. The next two columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and operating grants received by the Village that must be used to provide a specific service. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service, absorbed by monies assessed local taxpayers. These net costs are paid from the general receipts, presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)

Governmental Activities

	Total Cost Of Services 2005	Net Cost of Services 2005
	<u>2005</u>	<u>2005</u>
Security of Persons and Property	\$10,129	(\$10,129)
Leisure Time Activities	6,439	(5,364)
Community Environment	4,619	(4,166)
Basic Utilities	54,507	3,227
Transportation	61,020	(22,167)
General Government	74,479	(74,479)
Principal Retirement	43,000	(43,000)
Interest and Fiscal Charges	3,150	(3,150)
Total Expenses	<u>\$257,343</u>	<u>(\$159,228)</u>

Property and intergovernmental receipts accounted for 34 percent of governmental activities. Beginning fund balances were used to provide the balance of the cost of providing services.

Business-type Activities

The water and sewer operations of the Village are important functions where typically, revenues have been sufficient to meet operating costs. The Village is currently in the process of expanding the water and sewer plants and has contracted with OWDA to fund the project.

VILLAGE OF AMANDA
FAIRFIELD COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED DECEMBER 31, 2005
UNAUDITED
(Continued)

The Village's Funds

Total governmental funds had receipts of \$186,720 and disbursements of \$257,343. The greatest change within governmental funds occurred within the General Fund. That fund balance decreased \$90,966 as the result of retiring the loan and increased costs for professional fees discussed elsewhere herein. The Street Construction, Maintenance, and Repair Fund and Street Levy Fund receipts were greater than disbursements by \$11,121 and \$9,222, respectively.

General Fund Budgeting Highlights

The Village's budget is prepared according to Ohio law and is based upon accounting for certain transactions on a basis of cash receipts and disbursements. The most significant budgeted fund is the General Fund.

During 2005, the Village did not amend its General Fund budget.

Capital Assets and Debt Administration

Capital Assets

The Village does not currently keep track of its capital assets and infrastructure.

Debt

At December 31, 2005, the Village's outstanding debt included \$1,101,782 in sewer mortgage revenue bonds and OWDA loans issued for paying the costs of constructing the Village's sewer system, for waterline construction, and for water and sewer plant expansion designs. For further information regarding the Village's debt, refer to the Notes 11 to the basic financial statements.

Current Issues

The challenge for the Village is to provide quality services to the public while staying within the restrictions imposed by limited, fiscally responsible funding. Reliance is heavy on local taxes, in view of how little industry is located in the Village to support a formidable tax base. The plan for the Village will continue to focus on fiscally responsible management, so as to deliver both those important community services, as well as to contain associated costs.

Contacting the Village's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Village's finances and to reflect the Village's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Ms. Carrie Ayers, Fiscal Officer, 116 East Main Street (Box 250), Amanda, Ohio 43102-0250.

**VILLAGE OF AMANDA
FAIRFIELD COUNTY**

**STATEMENT OF NET ASSETS - MODIFIED CASH BASIS
DECEMBER 31, 2005**

	Governmental Activities	Business-Type Activities	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$76,641	\$167,474	\$244,115
<i>Total Assets</i>	\$76,641	\$167,474	\$244,115
Net Assets			
Restricted for:			
Other Purposes	67,330	0	67,330
Unrestricted	9,311	167,474	176,785
<i>Total Net Assets</i>	\$76,641	\$167,474	\$244,115

See accompanying notes to the basic financial statements

VILLAGE OF AMANDA
FAIRFIELD COUNTY

STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS
FOR THE YEAR ENDED DECEMBER 31, 2005

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets		Total
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities	Business-Type Activities	
Governmental Activities						
Security of Persons and Property	\$10,129	\$0	\$0	(\$10,129)	\$0	(\$10,129)
Leisure Time Activities	6,439	1,075	0	(5,364)	0	(5,364)
Community Environment	4,619	453	0	(4,166)	0	(4,166)
Basic Utility Services	54,507	57,734	0	3,227	0	3,227
Transportation	61,020	0	38,853	(22,167)	0	(22,167)
General Government	74,479	0	0	(74,479)	0	(74,479)
Debt Service:						
Principal Retirement	43,000	0	0	(43,000)	0	(43,000)
Interest	3,150	0	0	(3,150)	0	(3,150)
<i>Total Governmental Activities</i>	<u>257,343</u>	<u>59,262</u>	<u>38,853</u>	<u>(159,228)</u>	<u>0</u>	<u>(159,228)</u>
Business Type Activity						
Water	129,191	83,896	0	0	(45,295)	(45,295)
Sewer	97,374	86,690	0	0	(10,684)	(10,684)
<i>Total Business Type Activity</i>	<u>226,565</u>	<u>170,586</u>	<u>0</u>	<u>0</u>	<u>(55,979)</u>	<u>(55,979)</u>
Total	<u>\$483,908</u>	<u>\$229,848</u>	<u>\$38,853</u>	<u>(159,228)</u>	<u>(55,979)</u>	<u>(215,207)</u>
General Receipts						
Property Taxes Levied for:						
General Purposes				24,644	0	24,644
Street Levy				23,868	0	23,868
Other				2,061		2,061
Grants and Entitlements not Restricted to						
Specific Programs				25,235	0	25,235
OWDA Loans				0	17,305	17,305
Interest				3,327	0	3,327
Miscellaneous				9,470	2,050	11,520
<i>Total General Receipts</i>				<u>88,605</u>	<u>19,355</u>	<u>107,960</u>
Change in Net Assets				(70,623)	(36,624)	(107,247)
<i>Net Assets Beginning of Year</i>				<u>147,264</u>	<u>204,098</u>	<u>351,362</u>
<i>Net Assets End of Year</i>				<u>\$76,641</u>	<u>\$167,474</u>	<u>\$244,115</u>

See accompanying notes to the basic financial statements

VILLAGE OF AMANDA
FAIRFIELD COUNTY

STATEMENT OF MODIFIED CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
DECEMBER 31, 2005

	General	Street Construction, Maintenance, and Repair Fund	Street Levy Fund	Federal Grant Fund	Other Governmental Funds	Total Governmental Funds
Assets						
Equity in Pooled Cash and Cash Equivalents	\$9,311	\$42,824	\$9,222	\$14,406	\$878	\$76,641
<i>Total Assets</i>	<u>\$9,311</u>	<u>\$42,824</u>	<u>\$9,222</u>	<u>\$14,406</u>	<u>\$878</u>	<u>\$76,641</u>
Fund Balances						
Unreserved, Undesignated, Reported in:						
General Fund	9,311	0	0	0	0	9,311
Special Revenue Funds	0	42,824	9,222	14,406	878	67,330
<i>Total Fund Balances</i>	<u>\$9,311</u>	<u>\$42,824</u>	<u>\$9,222</u>	<u>\$14,406</u>	<u>\$878</u>	<u>\$76,641</u>

See accompanying notes to the basic financial statements

**VILLAGE OF AMANDA
FAIRFIELD COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN MODIFIED CASH BASIS FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005**

	General	Street Construction, Maintenance, and Repair Fund	Street Levy Fund	Federal Grant Fund	Other Governmental Funds	Total Governmental Funds
Receipts						
Property and Other Local Taxes	\$24,644	\$2,061	\$23,868	\$0	\$0	\$50,573
Charges for Services	58,809	0	0	0	0	58,809
Fines, Licenses and Permits	453	0	0	0	0	453
Intergovernmental	22,484	38,913	2,691	0	0	64,088
Interest	3,327	0	0	0	0	3,327
Miscellaneous	8,289	1,181	0	0	0	9,470
<i>Total Receipts</i>	<u>118,006</u>	<u>42,155</u>	<u>26,559</u>	<u>0</u>	<u>0</u>	<u>186,720</u>
Disbursements						
Current:						
Security of Persons and Property	10,129	0	0	0	0	10,129
Leisure Time Activities	6,439	0	0	0	0	6,439
Community Environment	4,619	0	0	0	0	4,619
Basic Utility Services	54,507	0	0	0	0	54,507
Transportation	13,066	31,034	16,920	0	0	61,020
General Government	74,062	0	417	0	0	74,479
Debt Service:						
Principal Retirement	43,000	0	0	0	0	43,000
Interest and Fiscal Charges	3,150	0	0	0	0	3,150
<i>Total Disbursements</i>	<u>208,972</u>	<u>31,034</u>	<u>17,337</u>	<u>0</u>	<u>0</u>	<u>257,343</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(90,966)</u>	<u>11,121</u>	<u>9,222</u>	<u>0</u>	<u>0</u>	<u>(70,623)</u>
Other Financing Sources (Uses)						
Advances In	10,000	10,000	0	0	0	20,000
Advances Out	(10,000)	(10,000)	0	0	0	(20,000)
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	<u>(90,966)</u>	<u>11,121</u>	<u>9,222</u>	<u>0</u>	<u>0</u>	<u>(70,623)</u>
<i>Fund Balances Beginning of Year</i>	<u>100,277</u>	<u>31,703</u>	<u>0</u>	<u>14,406</u>	<u>878</u>	<u>147,264</u>
<i>Fund Balances End of Year</i>	<u><u>\$9,311</u></u>	<u><u>\$42,824</u></u>	<u><u>\$9,222</u></u>	<u><u>\$14,406</u></u>	<u><u>\$878</u></u>	<u><u>\$76,641</u></u>

See accompanying notes to the basic financial statements

**VILLAGE OF AMANDA
FAIRFIELD COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
GENERAL FUND
FOR THE YEAR ENDED DECEMBER 31, 2005**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$33,475	\$33,475	\$24,644	(\$8,831)
Charges for Services	41,200	41,200	58,809	17,609
Fines, Licenses and Permits	0	0	453	453
Intergovernmental	26,012	26,012	22,484	(3,528)
Interest	10,300	10,300	3,327	(6,973)
Miscellaneous	600	600	8,289	7,689
<i>Total receipts</i>	<u>111,587</u>	<u>111,587</u>	<u>118,006</u>	<u>6,419</u>
Disbursements				
Current:				
Security of Persons and Property	33,182	33,182	10,129	23,053
Leisure Time Activities	6,875	6,875	6,439	436
Community Environment	3,000	3,000	4,619	(1,619)
Basic Utility Services	54,000	54,000	54,507	(507)
Transportation	15,437	15,437	13,066	2,371
General Government	57,449	57,449	74,062	(16,613)
Debt Service:				
Principal Retirement	43,000	43,000	43,000	0
Interest and Fiscal Charges	3,150	3,150	3,150	0
<i>Total Disbursements</i>	<u>216,093</u>	<u>216,093</u>	<u>208,972</u>	<u>7,121</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(104,506)</u>	<u>(104,506)</u>	<u>(90,966)</u>	<u>13,540</u>
Other Financing Sources (Uses)				
Advances In	0	0	10,000	10,000
Advances Out	0	0	(10,000)	(10,000)
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(104,506)	(104,506)	(90,966)	13,540
<i>Fund Balance Beginning of Year</i>	<u>100,277</u>	<u>100,277</u>	<u>100,277</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>(\$4,229)</u>	<u>(\$4,229)</u>	<u>\$9,311</u>	<u>\$13,540</u>

See accompanying notes to the basic financial statements

**VILLAGE OF AMANDA
FAIRFIELD COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
STREET CONSTRUCTION, MAINTENANCE, AND REPAIR FUND
FOR THE YEAR ENDED DECEMBER 31, 2005**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$12,490	\$12,490	\$2,061	(\$10,429)
Intergovernmental	17,500	17,500	38,913	21,413
Miscellaneous	20,000	20,000	1,181	(18,819)
<i>Total receipts</i>	<u>49,990</u>	<u>49,990</u>	<u>42,155</u>	<u>(7,835)</u>
Disbursements				
Current:				
Transportation	94,498	94,498	31,034	63,464
<i>Total Disbursements</i>	<u>94,498</u>	<u>94,498</u>	<u>31,034</u>	<u>63,464</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(44,508)</u>	<u>(44,508)</u>	<u>11,121</u>	<u>55,629</u>
Other Financing Sources (Uses)				
Advances In	0	0	10,000	10,000
Advances Out	0	0	(10,000)	(10,000)
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(44,508)	(44,508)	11,121	55,629
<i>Fund Balance Beginning of Year</i>	<u>31,703</u>	<u>31,703</u>	<u>31,703</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>(\$12,805)</u>	<u>(\$12,805)</u>	<u>\$42,824</u>	<u>\$55,629</u>

See accompanying notes to the basic financial statements

**VILLAGE OF AMANDA
FAIRFIELD COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
STREET LEVY FUND
FOR THE YEAR ENDED DECEMBER 31, 2005**

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Receipts				
Property and Other Local Taxes	\$21,500	\$21,500	\$23,868	\$2,368
Intergovernmental	2,500	2,500	2,691	191
<i>Total receipts</i>	<u>24,000</u>	<u>24,000</u>	<u>26,559</u>	<u>2,559</u>
Disbursements				
Current:				
Transportation	23,000	23,000	16,920	6,080
General Government	1,000	1,000	417	583
<i>Total Disbursements</i>	<u>24,000</u>	<u>24,000</u>	<u>17,337</u>	<u>6,663</u>
<i>Net Change in Fund Balance</i>	0	0	9,222	9,222
<i>Fund Balance Beginning of Year</i>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balance End of Year</i>	<u>\$0</u>	<u>\$0</u>	<u>\$9,222</u>	<u>\$9,222</u>

See accompanying notes to the basic financial statements

**VILLAGE OF AMANDA
FAIRFIELD COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL - BUDGET BASIS
FEDERAL GRANT FUND
FOR THE YEAR ENDED DECEMBER 31, 2005**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Intergovernmental	\$0	\$0	\$0	\$0
<i>Total receipts</i>	0	0	0	0
Disbursements				
Current:				
Community Environment	14,406	14,406	0	14,406
<i>Total Disbursements</i>	14,406	14,406	0	14,406
<i>Net Change in Fund Balance</i>	(14,406)	(14,406)	0	14,406
<i>Fund Balance Beginning of Year</i>	14,406	14,406	14,406	0
<i>Fund Balance End of Year</i>	\$0	\$0	\$14,406	\$14,406

See accompanying notes to the basic financial statements

VILLAGE OF AMANDA
FAIRFIELD COUNTY

STATEMENT OF FUND NET ASSETS - MODIFIED CASH BASIS
PROPRIETARY FUNDS
DECEMBER 31, 2005

	Business-Type Activities			Total Enterprise Funds
	Water Fund	Sewer Fund	Sewer Reserve Fund	
Assets				
Equity in Pooled Cash and Cash Equivalents	\$57,720	\$55,454	\$54,300	\$167,474
<i>Total Assets</i>	<u>\$57,720</u>	<u>\$55,454</u>	<u>\$54,300</u>	<u>\$167,474</u>
Net Assets				
Unrestricted	57,720	55,454	54,300	167,474
<i>Total Net Assets</i>	<u>\$57,720</u>	<u>\$55,454</u>	<u>\$54,300</u>	<u>\$167,474</u>

See accompanying notes to the basic financial statements

**VILLAGE OF AMANDA
FAIRFIELD COUNTY**

**STATEMENT OF CASH RECEIPTS,
DISBURSEMENTS AND CHANGES IN FUND NET ASSETS - MODIFIED CASH BASIS
PROPRIETARY FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2005**

	Business-Type Activities			Total Enterprise Funds
	Water Fund	Sewer Fund	Sewer Reserve Fund	
Operating Receipts				
Charges for Services	\$83,896	\$86,690	\$0	\$170,586
Other Operating Receipts	542	508	0	1,050
<i>Total Operating Receipts</i>	<u>84,438</u>	<u>87,198</u>	<u>0</u>	<u>171,636</u>
Operating Disbursements				
Personal Services	13,197	9,090	0	22,287
Fringe Benefits	1,877	882	0	2,759
Contractual Services	47,720	22,252	0	69,972
Materials and Supplies	54,708	10,233	0	64,941
Other	1,000	698	0	1,698
<i>Total Operating Disbursements</i>	<u>118,502</u>	<u>43,155</u>	<u>0</u>	<u>161,657</u>
<i>Operating Income (Loss)</i>	(34,064)	44,043	0	9,979
Non-Operating Receipts (Disbursements)				
OWDA Loans	17,305	0	0	17,305
Miscellaneous	1,000	0	0	1,000
Principal Payments	(2,546)	(12,100)	0	(14,646)
Interest and Fiscal Charges	(8,143)	(42,119)	0	(50,262)
<i>Change in Net Assets</i>	(26,448)	(10,176)	0	(36,624)
<i>Net Assets Beginning of Year</i>	<u>84,168</u>	<u>65,630</u>	<u>54,300</u>	<u>204,098</u>
<i>Net Assets End of Year</i>	<u>\$57,720</u>	<u>\$55,454</u>	<u>\$54,300</u>	<u>\$167,474</u>

See accompanying notes to the basic financial statements

**VILLAGE OF AMANDA
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005**

Note 1 – Reporting Entity

The Village of Amanda, Fairfield County, Ohio (the Village), is a body politic and corporate 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 six-member Council elected at large for four year terms. The Mayor is elected to a four-year term, serves as the President of Council and votes only to break a tie.

The reporting entity is comprised of the primary government, and another organization that was included to ensure that the financial statements are not misleading.

A. Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Village. The Village provides general government services, water and sewer utilities, and maintenance of Village roads. The Village contracts with Amanda Township to provide fire protection services. The Fairfield County Sheriff provides security of persons and property.

B. Component Units

Component units are legally separate organizations for which the Village is financially accountable. The Village is financially accountable for an organization if the Village appoints a voting majority of the organization's governing board and 1) the Village is able to significantly influence the programs or services performed or provided by the organization; or 2) the Village is legally entitled to or can otherwise access the organization's resources; the Village is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Village is obligated for the debt of the organization. The Village is also financially accountable for any organizations that are fiscally dependent on the Village in that the Village approves their budget, the issuance of their debt or the levying of their taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the Village, are accessible to the Village and are significant in amount to the Village. The Village had no component units at December 31, 2005.

C. Jointly Governed Organizations

A jointly governed organization is a regional government or other multi-governmental arrangement that is governed by representatives from each of the governments that create the organization, but that is not a joint venture because the participants do not retain an ongoing financial interest or responsibility. The Village participates in a jointly governed organization and a public entity risk pool. Notes 13 and 14 to the financial statements provides additional information for these entities. These organizations are:

Jointly Governed Organization:
Fairfield County Regional Planning Commission

Public Entity Risk Pool:
Ohio Municipal Joint Self-Insurance Pool

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

**VILLAGE OF AMANDA
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005
(Continued)**

Note 2 – Summary of Significant Accounting Policies

As discussed further in Note 2.C, these financial statements are presented on a modified cash basis of accounting. This modified cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the modified cash basis of accounting. In the government-wide financial statements and the fund financial statements for the proprietary funds, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the modified cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The Village does not apply FASB statements issued after November 30, 1989, to its business-type activities and to its enterprise funds. Following are the more significant of the Village's accounting policies.

A. Basis of Presentation

The Village's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the Village as a whole. These statements include the financial activities of the primary government. The statements distinguish between those activities of the Village that are governmental and those that are considered business-type.

Governmental activities generally are financed through taxes, intergovernmental revenues or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

The statement of net assets presents the cash balance of the governmental and business-type activities of the Village at year end. The statement of activities compares disbursements with program receipts for each of the Village's governmental and business-type activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the Village is responsible. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function or business-type activity is self-financing on a modified cash basis or draws from the Village's general receipts.

Fund Financial Statements

During the year, the Village segregates transactions related to certain Village functions or activities in separate funds to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the Village at this more detailed level. The focus of governmental and enterprise fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column.

**VILLAGE OF AMANDA
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005
(Continued)**

Note 2 – Summary of Significant Accounting Policies (Continued)

Proprietary fund statements distinguish operating transactions from nonoperating transactions. Operating receipts generally result from exchange transactions such as charges for services directly relating to the funds' principal services. Operating disbursements include costs of sales and services and administrative costs. The fund statements report all other receipts and disbursements as nonoperating.

B. Fund Accounting

The Village uses fund accounting to maintain its financial records during the year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. Funds are used to segregate resources that are restricted as to use. The funds of the Village are divided into two categories, governmental and proprietary.

Governmental Funds

The Village classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Village's major governmental funds are the General Fund, the Street Construction, Maintenance, and Repair Fund, the Street Levy Fund, and the Federal Grant Fund. The General Fund is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio. The Street Construction, Maintenance, and Repair Fund is used for the construction, maintenance and repair of the streets and storm sewers for the village. The Street Levy Fund is used for street improvements. The Federal Grant Fund and other governmental funds of the Village account for grants and other resources whose use is restricted to a particular purpose.

Proprietary Funds

The Village classifies funds financed primarily from user charges for goods or services as proprietary. Village proprietary funds are classified as enterprise.

Enterprise Funds - Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The Village's major enterprise funds are the water, sewer, and debt service funds.

Water Fund - The water fund accounts for the provision of water to the residents and commercial users located within the Village.

Sewer Fund - The sewer fund accounts for the provision of sanitary sewer services to the residents and commercial users within the Village.

Sewer Reserve Fund – This funds holds funds in reserve for the purpose of paying the cost of repairing or replacing any damage to the sanitary sewer system which may be caused by an unforeseen catastrophe.

C. Basis of Accounting

The Village's financial statements are prepared using the modified cash basis of accounting. Except for modifications having substantial support, receipts are recorded in the Village's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred. Any such modifications made by the Village are described in the appropriate section in this note.

**VILLAGE OF AMANDA
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005
(Continued)**

Note 2 – Summary of Significant Accounting Policies (Continued)

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

D. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations ordinance, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Village Council may appropriate.

The appropriations ordinance is the Village Council's authorization to spend resources and sets limits on expenditures plus encumbrances at the level of control selected by the Village Council. The legal level of control has been established at the fund level for all funds.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the Village Fiscal Officer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificated of estimated resources in effect at the time final appropriations were passed by the Village Council.

The appropriations ordinance is subject to amendment throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation ordinance for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Village Council during the year.

E. Cash and Investments

To improve cash management, cash received by the Village is pooled and invested. Individual fund integrity is maintained through Village records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

Investments of the cash management pool and investments with an original maturity of three months or less at the time of purchase are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

During 2005, the Village invested in nonnegotiable certificates of deposit. The nonnegotiable certificates of deposit are reported at cost.

VILLAGE OF AMANDA
FAIRFIELD COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005
(Continued)

Note 2 – Summary of Significant Accounting Policies (Continued)

E. Cash and Investments (Continued)

Interest earnings are allocated to Village funds according to State statutes, grant requirements, or debt related restrictions. Interest revenue credited to the General Fund during 2005 was \$3,327 which includes \$3,196 assigned from other Village funds.

F. Restricted Assets

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, laws of other governments, or imposed by enabling legislation. The Village had no restricted assets at December 31, 2005.

G. Inventory and Prepaid Items

The Village reports disbursements for inventories and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

H. Capital Assets

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

I. Accumulated Leave

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

J. Employer Contributions to Cost-Sharing Pension Plans

The Village recognizes the disbursement for their employer contributions to cost-sharing pension plans when they are paid. As described in Notes 9 and 10, the employer contributions include portions for pension benefits and for postretirement health care benefits.

K. Long-Term Obligations

The Village's modified cash basis financial statements do not report liabilities for bonds or other long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid.

L. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for debt service and other purposes include resources restricted for expenditures for specified purposes.

The Village's policy is to first apply restricted resources when an obligation is incurred for purposes for which both restricted and unrestricted net assets are available.

**VILLAGE OF AMANDA
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005
(Continued)**

Note 2 – Summary of Significant Accounting Policies (Continued)

M. Fund Balance Reserves

The Village reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balances indicates that portion of fund balance which is available for appropriation in future periods. The Village had no fund balance reserves at December 31, 2005.

Note 3 – Compliance

Contrary to Ohio law, appropriations exceeded estimated resources in the General Fund and the Street Construction, Maintenance, and Repair Fund in the amounts of \$4,229 and \$12,805, respectively.

The Village did not encumber all commitments as required by Ohio law.

Contrary to Ohio law that requires the Fiscal Officer to certify fund balances to the County Auditor on or about the first day of each fiscal year, the Village did not certify fund balances to the County Auditor until April 25, 2005.

The Village has a Street Levy for street improvements. Contrary to Ohio law, the proceeds of this levy were not put in a special fund for this restricted purpose.

Debt covenants and Village Ordinance 92-9 required the Village to establish and fund a reserve fund for the purpose of paying the cost of repairing or replacing any damage to the sanitary sewer system which may be caused by an unforeseen catastrophe. This fund had not been established.

Note 4 – Change in Basis of Accounting

Last year the Village reported fund financial statements by fund type using the regulatory basis of accounting as prescribed by the State Auditor's Office. This year the Village has implemented the modified cash basis of accounting described in Note 2. The fund financial statements now present each major fund in a separate column with nonmajor funds aggregated and presented in a single column, rather than a column for each fund type. This change had no impact on the fund balances of the Village.

Note 5 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance - Budget and Actual - Budgetary Basis presented for the General Fund, Street Construction, Maintenance, and Repair Fund, the Street Levy Fund, and the Federal Grant Fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the modified cash basis are outstanding year-end encumbrances are treated as cash disbursements (budgetary basis) rather than as a reservation of fund balance (modified cash basis). There were no outstanding encumbrances for the General Fund, the Street Construction, Maintenance, and Repair Fund, the Street Levy Fund, and the Federal Grant Fund.

Note 6 – Deposits and Investments

Monies held by the Village are classified by State statute into three categories.

**VILLAGE OF AMANDA
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005
(Continued)**

Note 6 – Deposits and Investments (Continued)

Active monies are public monies determined to be necessary to meet current demands upon the Village treasury. Active monies must be maintained either as cash in the Village treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that Council has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the Village can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the Village, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Village or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

**VILLAGE OF AMANDA
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005
(Continued)**

Note 6 – Deposits and Investments (Continued)

Deposits

Custodial credit risk is the risk that in the event of bank failure, the Village will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$144,115 of the Village's bank balance of \$244,115 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Village's name.

The Village has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Village or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Note 7 – Property Taxes

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Village. Real property tax revenues received in 2005 represent the collection of 2004 taxes. Real property taxes received in 2005 were levied after October 1, 2004, on the assessed values as of January 1, 2004, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in 2005 represent the collection of 2004 taxes. Public utility real and tangible personal property taxes received in 2005 became a lien on December 31, 2004, were levied after October 1, 2004, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2005 (other than public utility property) represent the collection of 2005 taxes. Tangible personal property taxes received in 2005 were levied after October 1, 2004 on the true value as of December 31, 2004. Tangible personal property is currently assessed at 25 percent of true value for capital assets and 23 percent for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

VILLAGE OF AMANDA
FAIRFIELD COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005
(Continued)

Note 7 – Property Taxes (Continued)

The full tax rate for all Village operations for the year ended December 31, 2004, was \$5.40 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2005 property tax receipts were based are as follows:

Real Property	
Residential	\$7,959,730
Agriculture	39,130
Commercial/Industrial/Mineral	1,522,890
Public Utility Property	
Personal	232,860
Tangible Personal Property	1,807,819
Total Assessed Value	<u>\$11,562,429</u>

Note 8 – Risk Management

The Village belongs to the Ohio Municipal Joint Self-Insurance Pool, (the Pool), an unincorporated tax exempt non-profit organization, governed by its member municipalities. The Pool is sponsored by the Ohio Municipal League and is administered and operated by JWF Specialty Company. 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 from covered claims that exceed the members' deductibles.

The Pool cedes certain premiums to reinsurers or excess reinsurers. The Pool is contingently liable should any reinsurer be unable to meet its reinsurance obligations.

The Pool's financial statements (audited by other auditors) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained deficit at December 31, 2005 (the latest information available):

	<u>2005</u>
Assets	\$ 2,241,661
Liabilities	<u>(3,457,720)</u>
Accumulated deficit	<u>(\$1,216,059)</u>

**VILLAGE OF AMANDA
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005
(Continued)**

Note 9 – Defined Benefit Pension Plans

A. Ohio Public Employees Retirement System

The Village participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings.

The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

OPERS provides retirement, disability, survivor and death benefits and annual cost of living adjustments to members of the traditional and combined plans. Members of the member directed plan do not qualify for ancillary benefits. Authority to establish and amend benefits is provided by Chapter 145 of the Ohio Revised Code. OPERS issues a stand-alone financial report that may be obtained by writing to OPERS, 277 East Town Street, Columbus, OH 43215-4642 or by calling (614) 222-6705 or (800) 222-7377.

For the year ended December 31, 2005, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 8.5 percent of their annual covered salaries. Members participating in the traditional plan who were in law enforcement contributed 10.1 percent of their annual covered salary; members in public safety contributed 9 percent. The Village's contribution rate for pension benefits for 2005 was 9.55 percent. For those classifications, the Village's pension contributions were 12.7 percent of covered payroll. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Village's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2005, 2004, and 2003 were \$7,666, \$10,409, and \$7,195, respectively. 89 percent has been contributed for 2005 and 100 percent for 2004 and 2003.

B. Social Security (FICA)

The Village's Administrator a Council Member contributes to Social Security (FICA). For the year ended December 31, 2005, the officials contributed 6.2% of his gross wages to FICA. The Village's contribution rate for pension benefits for 2005 was equal to 6.2%.

The Village's required contributions to FICA for the years ended December 31, 2005, 2004, and 2003 were \$512, \$337, and \$12, respectively. 93 percent has been contributed for 2005 and 100 percent for 2004 and 2003.

VILLAGE OF AMANDA
FAIRFIELD COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005
(Continued)

Note 10 - Postemployment Benefits

Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and primary survivor recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. The health care coverage provided by the retirement system is considered an Other Postemployment Benefit as described in *GASB Statement No. 12*. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2005 local government employer contribution rate was 13.55 percent of covered payroll; 4 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the entry age normal actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2004, include a rate of return on investments of 8 percent, an annual increase in active employee total payroll of 4 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between 0.50 percent and 6.3 percent based on additional annual pay increases. Health care premiums were assumed to increase between 1 and 6 percent annually for the next eight years and 4 percent annually after eight years.

All investments are carried at market. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually.

The number of active contributing participants in the traditional and combined plans was 376,109. Actual Village contributions for 2005 which were used to fund postemployment benefits were \$2,990. The actual contribution and the actuarially required contribution amounts are the same. The actuarial values of OPERS's net assets available for payment of benefits at December 31, 2004, (the latest information available) were \$10.8 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$26.5 billion and \$18.7 billion, respectively.

On September 9, 2004, the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. The HCPP restructures OPERS' health care coverage to improve the financial solvency of the fund in response to increasing health care costs. Employee and Employer contribution rates increased as of January 1, 2006 which allows additional funds to be allocated to the Health Care Plan.

**VILLAGE OF AMANDA
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005
(Continued)**

Note 11 - Debt

The Village's long-term debt activity for the year ended December 31, 2005, was as follows:

	<u>Interest Rate</u>	<u>Balance 1/1/05</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 12/31/05</u>
<u>Governmental Activities</u>					
2003 Kingston Bank Loan	3.875%	\$43,000	\$0	\$43,000	\$0
<u>Business-Type Activities</u>					
1992 FmHA Sewer Mortgage Revenue Bonds	5.50%	\$765,800	\$0	\$12,100	\$753,700
2003 OWDA Loan (#3589) Capitalized Interest	5.74%	190,000 19,327	0 10,906	0 0	190,000 30,233
2004 OWDA Loan (#3985)	5.01%	109,192	0	2,546	106,646
2004 OWDA Loan (#4110) Capitalized Interest	4.98%	3,095 30	17,305 773	0 0	20,400 803
Total Business-Type Activities		\$1,087,444	\$28,984	\$14,646	\$1,101,782

The Kingston Bank loan relates to the purchase of property. The loan was repaid during 2005 and was collateralized by General Fund revenues.

The FmHA Sewer Mortgage Revenue Bonds were obtained for the purpose of paying the costs of constructing the Village's sewer system. The loan will be repaid over 40 years. The Village established a Debt Service Fund in compliance with the debt covenants associated with these mortgage revenue bonds.

The Ohio Water Development Authority (OWDA) loans (#3589 and #4110) relate to a water and sewer plant expansion designs. The principal amounts above represent the total amount owed, including capitalized interest of \$33,514. The OWDA will adjust scheduled payment to reflect any revisions in amounts the Village actually borrows. Since the loans have not been completely drawn, an amortization schedule for the loans is not available. Water and sewer receipts collateralize the loans. The Village has agreed to set utility rates sufficient to cover future OWDA debt service requirements.

OWDA loan (#3985) relates to waterline construction. The OWDA approved \$109,999 in loans related to this project. The Village repays the loan in semiannual installments of \$3,563, including interest, over 20 years. Water and sewer receipts collateralize the loan. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

**VILLAGE OF AMANDA
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005
(Continued)**

Note 11 – Debt (Continued)

The following is a summary of the Village's future annual debt service requirements:

Year	OWDA Loan		USDA Bonds	
	Principal	Interest	Principal	Interest
2006	\$891	\$2,672	\$12,800	\$41,453
2007	1,850	5,275	13,500	40,750
2008	1,944	5,182	14,200	40,007
2009	2,043	5,083	15,000	39,226
2010	2,147	4,979	15,800	38,401
2011 – 2015	12,481	23,148	93,200	177,958
2016 – 2020	15,984	19,645	121,800	149,342
2021 – 2025	20,471	15,158	159,200	111,958
2026 – 2030	26,217	9,412	208,100	63,090
2031 – 2034	22,618	2,322	100,100	8,333
Totals	<u>\$106,646</u>	<u>\$92,876</u>	<u>\$753,700</u>	<u>\$710,518</u>

The Ohio Revised Code provides that net general obligation debt of the Village, exclusive of certain exempt debt, issued without a vote of the electors shall never exceed 5.5 percent of the tax valuation of the Village. The Revised Code further provides that total voted and unvoted net debt of the Village less the same exempt debt shall never exceed amount equal to 10.5 percent of its tax valuation. The effects of the debt limitations at December 31, 2005, were an overall debt margin of \$1,214,055 and an unvoted debt margin of \$635,934.

Note 12 - Contingent Liabilities

Amounts grantor agencies pay to the Village are subject to audit and adjustment by the grantor, principally the federal government. Grantors may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

Note 13 - Jointly Governed Organization

Fairfield Regional Planning Commission

The Village appoints a member of Council to represent the Village on the 47 member board of the Fairfield Regional Planning Commission. The Village pays a small membership fee annually based on the per capita of the Village. There is no ongoing financial responsibility by the Village.

Note 14 - Public Entity Risk Pool

The Village belongs to the Ohio Municipal Joint Self-Insurance Pool, (the Pool), an unincorporated non-profit association available to municipal corporations and their instrumentalities. The Plan is a separate legal entity per Section 2744 of the Ohio Revised Code. The Pool provides property and casualty insurance for its members. The Plan pays judgments, settlements and other expenses resulting for covered claims that exceed the members' deductibles. See Note 8 for more detail.

VILLAGE OF AMANDA
FAIRFIELD COUNTY

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2005
(Continued)

Note 15 – Management’s Plan

The Village’s General Fund balance decreased significantly from operating disbursements. Management plans to increase the General Fund balance by a few different ideas. The first being the land that was purchased in 2003 and then paid for in 2005 was bought in anticipation of the water system improvement project. The water project just got underway and the land amount has been submitted to the financial institution handling the water project for reimbursement. The results from the submission will be given to us within four to six weeks. The total of \$46,149.89 could be put back into the General Fund. This will significantly increase the fund balance. The other plan is to cut back on spending with the fund. Hopefully with both of these plans it will get the General Fund to the level it should be.



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Village of Amanda
Fairfield County
116 East Main Street
P.O. Box 250
Amanda, Ohio 43102-0250

To the Village Council:

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of Amanda, Fairfield County, Ohio (the Village) as of and for the year ended December 31, 2005, which collectively comprise the Village's basic financial statements and have issued our report thereon dated March 23, 2007, wherein we noted the Village revised its financial presentation comparable to the requirements of Governmental Accounting Standard No. 34, and the Village uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Village because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting to determine our auditing procedures to express our opinions on the financial statements and not to opine 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 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 management's assertions in the financial statements. The reportable conditions are described in the accompanying schedule of findings as items 2005-001, 2005-007 and 2005-008.

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 material to the financial statements we audited may occur and not be timely detected by employees when 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 material weaknesses. We considered reportable condition 2005-007 listed above to be a material weakness. In a separate letter to the Village's management dated March 23, 2007, we reported other matters involving internal control over financial reporting which we did not deem reportable conditions.

35 N. Fourth St. / Second Floor / Columbus, OH 43215
Telephone: (614) 466-3402 (800) 443-9275 Fax: (614) 728-7199
www.auditor.state.oh.us

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters that we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2005-001 through 2005-006. In a separate letter to the Village's management dated March 23, 2007, we reported other matters related to noncompliance we deemed immaterial.

We intend this report solely for the information and use of management and Village Council. It is not intended for anyone other than these specified parties.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

March 23, 2007

VILLAGE OF AMANDA
FAIRFIELD COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2005

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

FINDING NUMBER 2005-001

MATERIAL NONCOMPLIANCE/REPORTABLE CONDITION

Ohio Rev. Code Section 5705.41 (D) prohibits a subdivision or taxing entity from making any contract or ordering any expenditure of money unless a certificate signed by the fiscal officer is attached thereto. The fiscal officer must certify that the amount required to meet any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

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.

1. "Then and Now" Certificates. If the fiscal officer can certify that both at the time that 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 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 the expenditures by the Village.

2. Blanket Certificates. Fiscal officers may prepare "blanket" certificates if the Village has approved their use and established maximum amounts.
3. Super Blanket Certificates. 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 operation expense. This certification is not to extend beyond the current year. More than one so-called "super blanket" certificate may be outstanding at a particular time for any line item appropriation.

The Village issues regular blanket purchase orders; however, they are generally issued on the same day when the expenditure is made for the purchase commitment. As a result, the Village did not certify the availability of funds prior to the purchase commitment for seventy-one percent of expenditures tested. The Village also did not prepare then and now certificates in accordance with the Ohio Revised Code. Failure to properly certify the availability of funds can result in overspending funds and negative cash fund balances.

Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. To improve controls over disbursements and to help reduce the possibility of the Village's funds exceeding budgetary spending limitations, we recommend the Fiscal Officer certify that the funds are or will be available prior to obligation by the Village. When prior certification is not possible, "then and now" certification should be used. In addition, we recommend the maximum amount for blanket purchase orders be established by ordinance pursuant to Ohio Revised Code Section 5705.41(D)(3).

Officials' Response: We have taken steps to correct.

VILLAGE OF AMANDA
FAIRFIELD COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2005
(Continued)

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

FINDING NUMBER 2005-002

MATERIAL NONCOMPLIANCE

Ohio Rev. Code Section 5705.10 requires that all revenue derived from a special levy shall be credited to a special fund for the purpose for which the levy was made.

The Village's Street Levy effective January 1, 2001, states the tax is levied for the purpose of Street Improvements. The revenues generated by the three mills, which are restricted for street improvements, were posted into the Street Construction, Maintenance, and Repair Fund and commingled with other revenues whose use is less restricted.

As a result, the commingling of these funds may compromise the accountability of the revenues and result in the expenditure of levy tax revenue for purposes inconsistent with the tax levy approved by the voters of the Village.

We recommend the Village account for the revenues generated from the three mills levy separately from the Street Fund to ensure compliance with the levy.

The financial statements and Village accounting records have been adjusted to reflect the Street Levy Fund.

Officials' Response: We opened a new fund for this following your recommendation.

FINDING NUMBER 2005-003

MATERIAL NONCOMPLIANCE

Ohio Rev. Code Section 5705.39 provides that total appropriations from each fund shall not exceed the total of the estimated revenues available for expenditure as certified by the budget commission. In addition, no appropriation measure is to become effective until the county auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official estimate.

Original appropriations were in excess of estimated resources as follows:

<u>Fund</u>	<u>Amount Appropriated</u>	<u>Estimated Resources</u>	<u>Variance</u>
General Fund	\$216,093	\$211,864	(\$4,229)
Street Construction, Maintenance, and Repair Fund	94,498	81,693	(12,805)

We recommend Council review the Official Amended Certificate of Estimated Resources when passing permanent appropriations to ensure such appropriations do not exceed certified resources. Council should not authorize appropriations in excess of the certificate of estimated resources.

Officials' Response: We will follow your recommendation.

VILLAGE OF AMANDA
FAIRFIELD COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2005
(Continued)

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

FINDING NUMBER 2005-004

MATERIAL NONCOMPLIANCE

Ohio Rev. Code Section 5705.04 requires taxes received to be credited into specific funds. Ohio Rev. Code Section 5705.10 states in part that all revenue derived from a source which the law prescribes shall be used for a particular purpose, shall be paid into a special fund for that purpose.

Real and personal property taxes of \$420 due to the Street Levy Fund and gasoline taxes of \$13,419 due to the Street Construction, Maintenance, and Repair Fund were allocated to the General Fund during 2005.

Lack of proper allocation of taxes and intergovernmental receipts could allow restricted funds to be used for improper purposes.

We recommend the Fiscal Officer utilize supporting documentation provided (i.e. settlement sheets, or other documentation provided by the payer) when posting receipts to ensure they are posted to the proper line item and fund.

The financial statements and Village accounting records have been adjusted to reflect these revenues in the correct funds.

Officials' Response: We will follow your recommendation.

FINDING NUMBER 2005-005

MATERIAL NONCOMPLIANCE

Ordinance 92-9 Section 6(B)(3) requires the establishment of a Reserve Fund. From the balance of income and revenues deposited into the Sewer and Debt Service Funds, the ordinance requires the sum of \$452.50 to be deposited each month into a Reserve Fund until \$54,300 has been accumulated in the Reserve Fund.

In addition, with the approval of the FmHA, the Reserve is to be used and disbursed only for the purpose of paying the cost of repairing or replacing any damage to the sewer system, and when necessary, for the purpose of making payments of principal and interest on the bonds if the amount in the Debt Service Fund is not sufficient to meet such payments.

The Reserve Fund has not been established in direct violation of the debt covenants. The lack of following the provisions of Ordinance 92-9 could result in the entire indebtedness to become due.

We recommend the Reserve Fund be established by Council. In addition, we recommend that management review Ordinance 92-9 for details concerning the debt covenant requirement provisions.

The financial statements and Village accounting records have been adjusted to reflect the Reserve fund.

Officials' Response: We have established a Reserve fund at December 31, 2005.

**VILLAGE OF AMANDA
FAIRFIELD COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2005
(Continued)**

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

FINDING NUMBER 2006-006

MATERIAL NONCOMPLIANCE

Ohio Rev. Code Section 5705.36(A)(1) requires that on or about the first day of each fiscal year, the Fiscal Officer is to certify to the County Auditor the total amount from all sources which are available for expenditures from each fund in the tax budget along with any unencumbered balances that existed at the end of the preceding year.

The Fiscal Officer did not certify Village fund balances to the County Auditor until April 25, 2005. The Village's fiscal year begins on January 1 of each year.

We recommend the Village develop policies and procedures to ensure the Fiscal Officer certify the Village's fund balances to the County Auditor when required. Council should not pass permanent appropriations without confirmation from the Budget Commission that the fund balances have been certified.

Officials' Response: We have already corrected.

FINDING NUMBER 2005-007

MATERIAL WEAKNESS/REPORTABLE CONDITION

Complete and accurate monthly reconciliations should be prepared each month for all Village accounts. In addition, these reconciliations should be reviewed and approved by the Administrator, Mayor, and/or Council Members. The reviewer should review the reconciliation, along with supporting documentation such as fund balance reports, outstanding check lists, details of reconciling items, and sign or initial the reconciliation as evidence of the review and approval.

Reconciliations were not accurately prepared during 2005. The Fiscal Officer attempted to prepare accurate and complete reconciliations throughout 2005, but this was not possible due to errors and omissions that were made in the accounting system in 2003 and 2004. The Fiscal Officer was able to prepare reconciliations each month to ensure current activity in the accounting system matched amounts clearing the bank. There was no evidence that reconciliations prepared were reviewed by the Administrator, Mayor or Council Members.

The lack of accurate and complete bank reconciliations allows errors or irregularities to go undetected and increases the risk of fraud. The lack of reviewing bank reconciliations allows for errors or unresolved reconciling items to go undetected and be carried forward.

We recommend the Village establish procedures to ensure the monthly bank reconciliations are accurate and complete. The Fiscal Officer should ensure this reconciliation is completed and should resolve any reconciling differences and post those in the accounting system if necessary. We also recommend the monthly reconciliations be reviewed, along with supporting documentation, for completeness, accuracy, and to ensure that balances agree with the accounting records. The reviewer should sign or initial reconciliations as evidence of their review.

Officials' Response: We have followed your recommendation.

VILLAGE OF AMANDA
FAIRFIELD COUNTY

SCHEDULE OF FINDINGS
DECEMBER 31, 2005
(Continued)

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

FINDING NUMBER 2005-008

REPORTABLE CONDITION

Council should monitor the financial activities of the Village that affect the financial operations of the Village, including:

- agreeing receipts and expenditures to amounts posted in revenue and expenditure reports and to monthly bank reconciliations
- comparing estimated receipts posted in the accounting system to amended certificates approved by Council and the county budget commission
- comparing appropriations posted in the accounting system to appropriations approved by Council.

The lack of regularly monitoring of receipts, expenditures, and approved budgets limits Council's ability to effectively monitor the Village's financial activities to make sound financial decisions.

We recommend the Council regularly review the financial activities of the Village.

Officials' Response: We do review it, but will start to sign off on it.

**VILLAGE OF AMANDA
FAIRFIELD COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2005**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain
2004-001	ORC Section 5705.41 (D) – certifying funds	No	Repeated as Finding 2005-001.
2004-002	ORC Section 5705.36 (A)(1) – certifying available funds to County Auditor	No	Repeated as Finding 2005-006.
2004-003	ORC Section 5705.41(B) – expenditures exceeding appropriations	Yes	
2004-004	ORC Section 5705.38 (A) – approval of appropriations	Yes	
2004-005	ORC Section 5705.39 – appropriations exceeding estimated resources	No	Repeated as Finding 2005-003.
2004-006	Ordinance 92-9 Section 6(B)(3) – reserve fund.	No.	Repeated as Finding 2005-005.
2004-007	ORC 5705.10 – for illegal advances	Yes	
2004-008	ORC Section 5705.04 – allocating tax receipts.	No	Repeated as Finding 2005-004.
2004-009	For preparing and monitoring bank reconciliations	No	Repeated as Finding 2005-007.
2004-010	For maintaining utility records.	Yes	
2004-011	For Council monitoring the financial activities of the Village.	No	Repeated as Finding 2005-008.



Mary Taylor, CPA
Auditor of State

VILLAGE OF AMANDA

FAIRFIELD COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
MAY 10, 2007