



Dave Yost • Auditor of State

**VILLAGE OF SOUTH AMHERST
LORAIN COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Village of South Amherst
Lorain County
103 West Main Street
South Amherst, Ohio 44001

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 South Amherst, Lorain County, Ohio (the Village), as of and for the year ended December 31, 2010, 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. We believe our audit provides a reasonable basis for our opinions.

As discussed in Note 1, the accompanying financial statements and notes follow the 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 cash financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of South Amherst, Lorain County, Ohio, as of December 31, 2010, and the respective changes in cash financial position, thereof and the respective budgetary comparison for the General and Income Tax funds thereof for the year then ended in conformity with the accounting basis Note 1 describes.

For the year ended December 31, 2010, 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*.

In accordance with *Government Auditing Standards*, we have also issued our report dated April 5, 2012, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts 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.

We conducted our audit to opine on the Village's financial statements taken as a whole. Management's Discussion & Analysis includes tables of net assets, changes in net assets, and governmental activities. These tables provide additional information, but are not part of the basic financial statements. However these tables are management's responsibility, and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. These tables were subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. Other than the aforementioned procedures applied to the tables, we applied no procedures to any other information in Management's Discussion & Analysis, and we express no opinion or any other assurance on it.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping initial "D".

Dave Yost
Auditor of State

April 5, 2012

VILLAGE OF SOUTH AMHERST
LORAIN COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR YEAR ENDED DECEMBER 31, 2010

UNAUDITED

This discussion and analysis of the Village of South Amherst, Ohio's financial performance provides an overall review of the Village's financial activities for the year ended December 31, 2010, within the limitations of the Village's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Village's financial performance.

Financial Highlights

Key highlights for 2010 are as follows

Net assets of governmental activities decreased \$ 66,232 or 4.6 percent over 2009. This was the result of decreases of \$ 105,802 in the General Fund and \$ 4,331 in the Streets C.M. & R. Fund (SCMR) and increases of \$ 10,817 in the Other Governmental Funds and \$ 33,084 in the Income Tax Fund.

The Village's general receipts are primarily municipal income taxes, grants and entitlements, and property and other local taxes. These receipts represent respectively 24.7 percent, 23.5 percent and 10.9 percent of the total cash received for governmental activities during the year.

Net assets of business-type activities increased \$ 41,677 from 2009.

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 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 basic 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.

VILLAGE OF SOUTH AMHERST
LORAIN COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR YEAR ENDED DECEMBER 31, 2010

UNAUDITED

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 cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the Village's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

As a result of using the 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 cash basis of accounting.

Government-wide Financial Statements

The Statement of Net Assets and the Statement of Activities reflect how the Village did financially during 2010, within the limitations of cash basis accounting. The Statement of Net Assets presents the cash balances and investments 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 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 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 non-financial 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 police, streets, and parks. State and federal grants and income and property taxes 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's business-type activity is the water operations. Business-type activities are financed by a fee charged to the customers receiving the services.

VILLAGE OF SOUTH AMHERST
LORAIN COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR YEAR ENDED DECEMBER 31, 2010

UNAUDITED

Fund Financial Statements

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 restricted money is being spent for the intended purpose. The funds of the Village are split into two categories: governmental and proprietary.

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 nonmajor 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, Income Tax Fund and Streets C.M & R. 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's proprietary fund is the Water Fund.

The Village as a Whole

Table 1 provides a summary of the Village's net assets for 2010 on a cash basis. Since the Village did not prepare financial statements in this format for 2009, 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.

**Table 1
Net Assets**

	Governmental Activities	Business-type Activities	Total
Assets			
Equity in pooled cash and cash equivalents	\$ 1,368,025	\$ 225,200	\$ 1,593,225
Total assets	<u>1,368,025</u>	<u>225,200</u>	<u>1,593,225</u>
Net assets			
Restricted for:			
Highways and streets	79,831	-	79,831
Perpetual care: nonexpendable	5,279	-	5,279
Other purposes	90,674	-	90,674
Unrestricted	<u>1,192,241</u>	<u>225,200</u>	<u>1,417,441</u>
Total net assets	<u>\$ 1,368,025</u>	<u>\$ 225,200</u>	<u>\$ 1,593,225</u>

As mentioned previously, net assets of governmental activities decreased \$ 66,232 or 4.6 percent during 2010.

VILLAGE OF SOUTH AMHERST
LORAIN COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR YEAR ENDED DECEMBER 31, 2010

UNAUDITED

Table 2 reflects the changes in net assets in 2010. Since the Village did not prepare financial statements in this format for 2009, 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.

Table 2
Changes in Net Assets

	Governmental Activities	Business-type Activities	Total
Receipts			
Program receipts			
Charges for services	\$ 167,078	\$ 376,976	\$ 544,054
Capital grants and contributions	227,418	-	227,418
Total program receipts	<u>394,496</u>	<u>376,976</u>	<u>771,472</u>
General receipts			
Property and other			
local taxes	93,384	-	93,384
Municipal income taxes	211,415	-	211,415
Grants and entitlements	201,231	-	201,231
Investment earnings	1,946	137	2,083
Other	36,004	3,717	39,721
Total general receipts	<u>543,980</u>	<u>3,854</u>	<u>547,834</u>
Total receipts	<u>938,476</u>	<u>380,830</u>	<u>1,319,306</u>
Program cash disbursements			
General government	248,392	-	248,392
Security of persons and property	240,542	-	240,542
Public health services	58,190	-	58,190
Leisure time activities	19,483	-	19,483
Transportation	101,814	-	101,814
Capital outlay	334,348	-	334,348
Principal	1,939	-	1,939
Water	-	339,153	339,153
Total program cash disbursements	<u>1,004,708</u>	<u>339,153</u>	<u>1,343,861</u>
Increase (decrease) in net assets	(66,232)	41,677	(24,555)
Net assets, beginning of year	1,434,257	183,523	1,617,780
Net assets, end of year	<u>\$ 1,368,025</u>	<u>\$ 225,200</u>	<u>\$ 1,593,225</u>

VILLAGE OF SOUTH AMHERST
LORAIN COUNTY

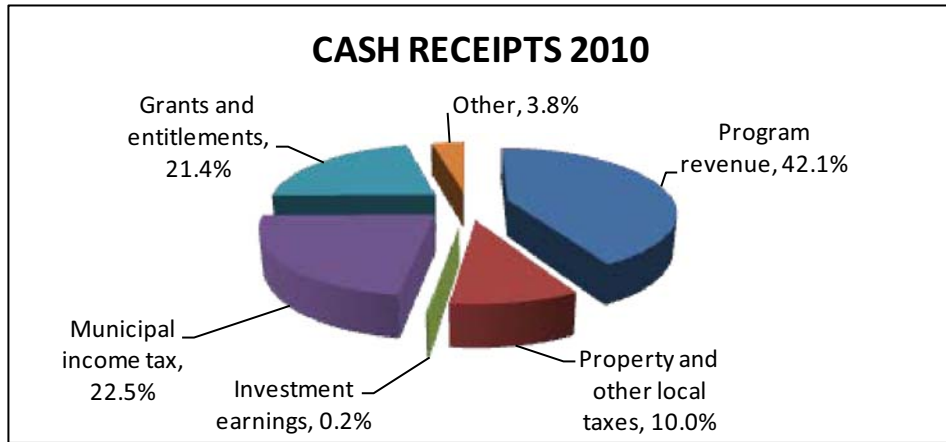
MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR YEAR ENDED DECEMBER 31, 2010

UNAUDITED

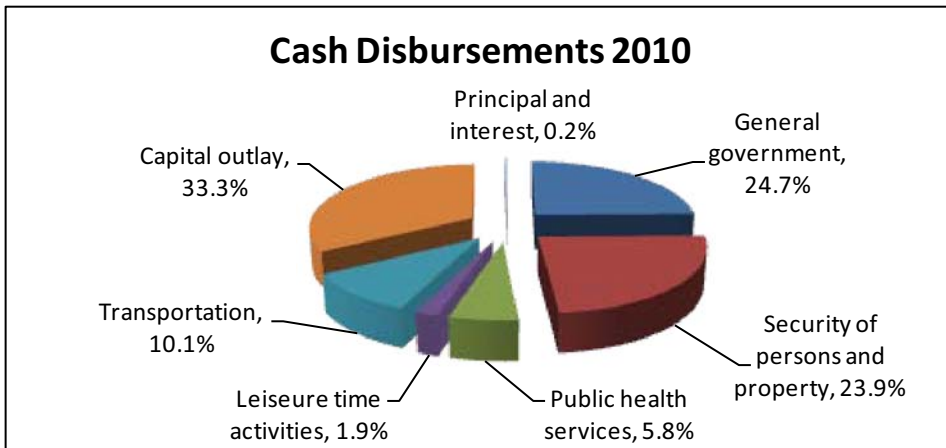
Governmental Activities

Program receipts represent 42.1 percent of total receipts and are primarily comprised of charges for services and capital grants and contributions. General receipts represent 57.9 percent of the Village's total receipts of governmental activities, and of this amount, 32.5 percent was from local taxes and 21.4 percent from grants and entitlements. Other receipts are very insignificant and somewhat unpredictable revenue sources.



Disbursements for general government represent the overhead costs of running the village and the support services provided for the other village activities. These include the costs of council, the clerk-treasurer and income tax departments, as well as internal services such as payroll and purchasing.

Security of persons and property are the costs of police and fire protection; public health services is the health department; leisure time activities are the costs of maintaining the parks and playing fields; the 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.



VILLAGE OF SOUTH AMHERST
LORAIN COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR YEAR ENDED DECEMBER 31, 2010

UNAUDITED

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 capital outlay, general government, security of persons and property, and transportation which account for 33.3, 24.7, 23.9, and 10.1 percent, of all governmental disbursements, respectively. The next two columns of the statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the Village that must be used to provide a specific service. The Net Cost of Services column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

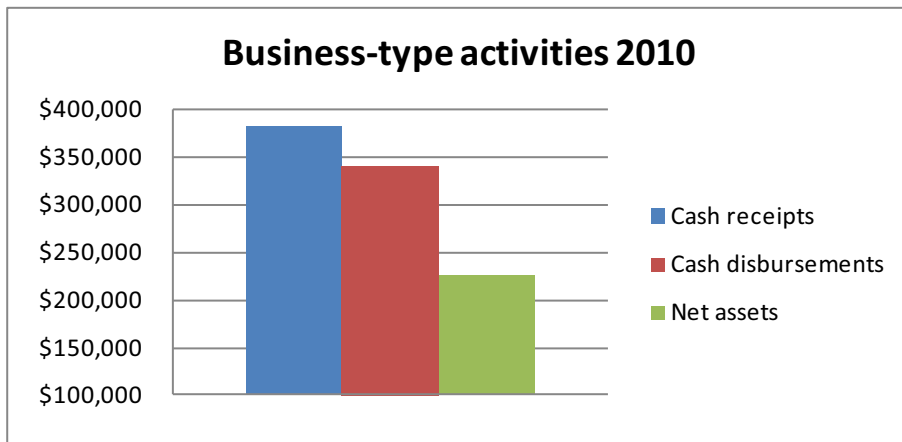
**Table 3
Governmental Activities**

	Total Cost of Services	Net Cost of Services
Governmental activities		
General government	\$ 248,392	\$ (245,190)
Security of persons and property	240,542	(105,594)
Public health services	58,190	7,219
Leisure time activities	19,483	(13,356)
Transportation	101,814	(101,814)
Capital outlay	334,348	(149,538)
Principal	1,939	(1,939)
Total governmental activities	<u>\$ 1,004,708</u>	<u>\$ (610,212)</u>

The dependence upon property and income tax receipts is apparent as 65.0 percent of governmental activities are supported through these general receipts.

Business-type Activities

Program receipts for business-type activities represented 99.0 percent of total receipts and were comprised of charges for services. Disbursements for water operations did not exceeded their operating receipts.



VILLAGE OF SOUTH AMHERST
LORAIN COUNTY

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR YEAR ENDED DECEMBER 31, 2010

UNAUDITED

The Village's Funds

Total governmental funds had receipts of \$ 938,476 and disbursements of \$ 1,004,708. The greatest changes within governmental funds occurred within the General Fund and the Income Tax Fund. The fund balance of the General Fund decreased \$ 105,802 and the fund balance of the Income Tax Fund increased \$ 33,084.

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, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During 2010, the Village amended its General Fund budget several times to reflect changing circumstances. Final budgeted receipts were \$ 321,647. Actual receipts were more than the final budgeted amount by \$ 58,045.

Final disbursements were budgeted at \$ 490,800 while actual disbursements were \$ 485,494.

Capital Assets

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

Debt

Outstanding debt obligations of the Village consisted of:

	Governmental Activities	Business-type Activities	Total
OWDA loans	\$ -	\$ 221,606	\$ 221,606
OPWC loans	122,671	-	122,671
	<u>\$ 122,671</u>	<u>\$ 221,606</u>	<u>\$ 344,277</u>

The OWDA loans relate to water projects. OPWC loans financed street improvements and reconstruction. For further information regarding the Village's debt, refer to Note 10 to the basic financial statements.

Current Issues

The Village of South Amherst's Fire Department was awarded a \$270,000 grant to purchase a new fire tanker truck. The Fire Department also was awarded a grant for \$30,000 to be used for the purchase of equipment.

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 Kim Green, Clerk-Treasurer, Village of South Amherst, 103 West Main Street, South Amherst, Ohio 44001.

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VILLAGE OF SOUTH AMHERST, OHIO
LORAIN COUNTY
STATEMENT OF NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2010

	Governmental Activities	Business-type Activities	Total
Assets			
Equity in pooled cash and cash equivalents	\$ 1,368,025	\$ 225,200	\$ 1,593,225
Total assets	1,368,025	225,200	1,593,225
Net assets			
Restricted for:			
Highways and streets	79,831	-	79,831
Perpetual care: nonexpendable	5,279	-	5,279
Other purposes	90,674	-	90,674
Unrestricted	1,192,241	225,200	1,417,441
Total net assets	\$ 1,368,025	\$ 225,200	\$ 1,593,225

See accompanying notes to the basic financial statements.

VILLAGE OF SOUTH AMHERST, OHIO
LORAIN COUNTY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED DECEMBER 31, 2010

	Cash Disbursements	Program Cash Receipts	
		Charges for Services and Sales	Capital Grants and Contributions
Governmental activities			
General government	\$ 248,392	\$ 3,202	\$ -
Security of persons and property	240,542	92,340	42,608
Public health services	58,190	65,409	-
Leisure time activities	19,483	6,127	-
Transportation	101,814	-	-
Capital outlay	334,348	-	184,810
Principal	1,939	-	-
Total governmental activities	<u>1,004,708</u>	<u>167,078</u>	<u>227,418</u>
Business-type activities			
Water	<u>339,153</u>	<u>376,976</u>	<u>-</u>
Total business-type activities	<u>339,153</u>	<u>376,976</u>	<u>-</u>
Total	<u>\$ 1,343,861</u>	<u>\$ 544,054</u>	<u>\$ 227,418</u>

General receipts

Property taxes levied for:

 General purpose

 Other purposes

Municipal income taxes

Grants and entitlements not restricted to specific purposes

Investment earnings

Miscellaneous

Total general receipts

Change in net assets

Net assets, beginning of year

Net assets, end of year

See accompanying notes to the basic financial statements.

Net (Disbursements) Receipts and Changes in Net Assets

Governmental Activities	Business-type Activities	Total
\$ (245,190)	\$ -	\$ (245,190)
(105,594)	-	(105,594)
7,219	-	7,219
(13,356)	-	(13,356)
(101,814)	-	(101,814)
(149,538)	-	(149,538)
(1,939)	-	(1,939)
<u>(610,212)</u>	<u>-</u>	<u>(610,212)</u>
-	37,823	37,823
-	37,823	37,823
<u>(610,212)</u>	<u>37,823</u>	<u>(572,389)</u>
85,741	-	85,741
7,643	-	7,643
211,415	-	211,415
201,231	-	201,231
1,946	137	2,083
36,004	3,717	39,721
<u>543,980</u>	<u>3,854</u>	<u>547,834</u>
(66,232)	41,677	(24,555)
1,434,257	183,523	1,617,780
<u>\$ 1,368,025</u>	<u>\$ 225,200</u>	<u>\$ 1,593,225</u>

VILLAGE OF SOUTH AMHERST, OHIO
LORAIN COUNTY
STATEMENT OF CASH BASIS ASSETS AND FUND BALANCE -
GOVERNMENTAL FUNDS
DECEMBER 31, 2010

	General Fund	Income Tax Fund	SCMR Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in pooled cash and cash equivalents	\$ 383,584	\$ 808,657	\$ 8,868	\$ 166,916	\$ 1,368,025
Total assets	\$ 383,584	\$ 808,657	\$ 8,868	\$ 166,916	\$ 1,368,025
Fund balances					
Unreserved, reported in					
General Fund	\$ 383,584	\$ -	\$ -	\$ -	\$ 383,584
Special Revenue Funds	-	808,657	8,868	161,637	979,162
Permanent Fund	-	-	-	5,279	5,279
Total fund balances	\$ 383,584	\$ 808,657	\$ 8,868	\$ 166,916	\$ 1,368,025

See accompanying notes to the basic financial statements.

VILLAGE OF SOUTH AMHERST, OHIO
LORAIN COUNTY

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN
CASH BASIS FUND BALANCES – GOVERNMENTAL FUNDS

FOR THE YEAR ENDED DECEMBER 31, 2010

	General Fund	Income Tax Fund	SCMR Fund	Other Governmental Funds	Total Governmental Funds
Receipts					
Property and local taxes	\$ 85,741	\$ -	\$ -	\$ 7,643	\$ 93,384
Municipal income tax	-	211,415	-	-	211,415
Intergovernmental	164,382	119,499	73,498	5,959	363,338
Charges for services	92,340	-	-	71,536	163,876
Fines, licenses and permits	30,947	-	-	-	30,947
Earnings on investments	562	1,276	-	109	1,947
Miscellaneous	5,720	-	2,539	-	8,259
Total receipts	<u>379,692</u>	<u>332,190</u>	<u>76,037</u>	<u>85,247</u>	<u>873,166</u>
Disbursements					
Current					
Security of persons and property	240,542	-	-	-	240,542
Public health services	-	-	-	58,190	58,190
Leisure time activities	4,589	-	-	14,894	19,483
Transportation	-	-	100,368	1,446	101,814
General government	220,263	28,129	-	-	248,392
Debt service					
Redemption of principal	-	1,939	-	-	1,939
Capital outlay	-	334,348	-	-	334,348
Total disbursements	<u>465,394</u>	<u>364,416</u>	<u>100,368</u>	<u>74,530</u>	<u>1,004,708</u>
Total receipts over/(under) disbursements	<u>(85,702)</u>	<u>(32,226)</u>	<u>(24,331)</u>	<u>10,717</u>	<u>(131,542)</u>
Other financing receipts/(disbursements)					
Transfers in	-	-	20,000	200	20,200
Loan proceeds	-	65,310	-	-	65,310
Transfers out	(20,100)	-	-	(100)	(20,200)
Total other financing receipts/(disbursements)	<u>(20,100)</u>	<u>65,310</u>	<u>20,000</u>	<u>100</u>	<u>65,310</u>
Net change in fund balances	(105,802)	33,084	(4,331)	10,817	(66,232)
Fund balances, beginning of year	<u>489,386</u>	<u>775,573</u>	<u>13,199</u>	<u>156,099</u>	<u>1,434,257</u>
Fund balances, end of year	<u>\$ 383,584</u>	<u>\$ 808,657</u>	<u>\$ 8,868</u>	<u>\$ 166,916</u>	<u>\$ 1,368,025</u>

See accompanying notes to the basic financial statements.

VILLAGE OF SOUTH AMHERST, OHIO
LORAIN COUNTY

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN
FUND BALANCES BUDGET AND ACTUAL – BUDGET BASIS

FOR THE YEAR ENDED DECEMBER 31, 2010

	General Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Cash receipts	\$ 321,647	\$ 321,647	\$ 379,692	\$ 58,045
Cash disbursements	321,647	490,800	485,494	5,306
Total receipts over/(under) disbursements	-	(169,153)	(105,802)	63,351
Fund balances, beginning of year	489,386	489,386	489,386	-
Fund balances, end of year	<u>\$ 489,386</u>	<u>\$ 320,233</u>	<u>\$ 383,584</u>	<u>\$ 63,351</u>

See accompanying notes to the basic financial statements.

VILLAGE OF SOUTH AMHERST, OHIO
LORAIN COUNTY

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS, AND CHANGES IN
FUND BALANCES BUDGET AND ACTUAL – BUDGET BASIS

FOR THE YEAR ENDED DECEMBER 31, 2010

	Income Tax Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Cash receipts	\$ 264,000	\$ 264,000	\$ 397,500	\$ 133,500
Cash disbursements	206,077	419,500	364,416	55,084
Total receipts over/(under) disbursements	57,923	(155,500)	33,084	188,584
Fund balances, beginning of year	775,573	775,573	775,573	-
Fund balances, end of year	\$ 833,496	\$ 620,073	\$ 808,657	\$ 188,584

	SCMR Fund			Variance with Final Budget Positive (Negative)
	Budget Amounts		Actual	
	Original	Final		
Cash receipts	\$ 70,944	\$ 70,944	\$ 96,037	\$ 25,093
Cash disbursements	114,020	114,020	100,368	13,652
Total receipts over/(under) disbursements	(43,076)	(43,076)	(4,331)	38,745
Fund balances, beginning of year	13,199	13,199	13,199	-
Fund balances, end of year	\$ (29,877)	\$ (29,877)	\$ 8,868	\$ 38,745

See accompanying notes to the basic financial statements.

VILLAGE OF SOUTH AMHERST, OHIO
LORAIN COUNTY
STATEMENT OF FUND NET ASSETS – CASH BASIS
PROPRIETARY FUND
DECEMBER 31, 2010

	<u>Water Fund</u>
Assets	
Equity in pooled cash and cash equivalents	\$ 225,200
Total assets	<u>\$ 225,200</u>
Net assets	
Unrestricted	<u>225,200</u>
Total net assets	<u>\$ 225,200</u>

See accompanying notes to the basic financial statements.

VILLAGE OF SOUTH AMHERST, OHIO
LORAIN COUNTY
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND
CHANGE IN FUND NET ASSETS – PROPRIETARY FUND
FOR THE YEAR ENDED DECEMBER 31, 2010

	Water
Operating cash receipts	
Charges for services	\$ 376,976
Miscellaneous	2,092
Total operating cash receipts	379,068
Operating cash disbursements	
Personal services	47,396
Contractual services	198,359
Supplies and materials	38,120
Total operating cash disbursements	283,875
Operating income	95,193
Non-operating cash receipts	
Earnings on investments	137
Other non-operating cash receipts	1,625
Total non-operating cash receipts	1,762
Non-operating cash disbursements	
Redemption of principal	42,944
Interest and other fiscal charges	12,334
Total non-operating cash disbursements	55,278
Net receipts over disbursements	41,677
Net assets, beginning of year	183,523
Net assets, end of year	\$ 225,200

See accompanying notes to the basic financial statements.

VILLAGE OF SOUTH AMHERST, OHIO
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. REPORTING ENTITY

The constitution and laws of the State of Ohio establish the rights and privileges of the Village of South Amherst, Lorain County, (the Village) as a body corporate and politic. A publicly-elected six-member Council directs the Village.

The reporting entity is comprised of the primary government, component units and other organizations that were included to ensure that the financial statements are not misleading.

Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Village. The Village provides water utility, park operations, and police services. The Village appropriates General Fund money to support a volunteer fire department.

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 has no component units.

As discussed further in Note 1 D, these financial statements are presented on a cash basis of accounting. This 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 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 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.

B. 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.

VILLAGE OF SOUTH AMHERST, OHIO
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. BASIS OF PRESENTATION (continued)

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, except for fiduciary funds. 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 receipts 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 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. Fiduciary funds are reported by type.

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.

C. 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 three categories, governmental, proprietary and fiduciary.

Governmental Funds

The Village classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The following are the Village's major governmental funds:

General 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.

VILLAGE OF SOUTH AMHERST, OHIO
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. FUND ACCOUNTING (continued)

Income Tax Fund – This fund is used to account for monies collected from municipal taxes and used to support activities throughout the Village and capital improvements.

Streets C.M. & R. Fund (SCMR) – This fund is used to account for maintenance and repairs to the Village's streets.

The 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. Proprietary funds are classified as either enterprise or internal service.

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 following is the Village's major enterprise fund:

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

Fiduciary Funds

Fiduciary funds include pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held under a trust agreement for individuals, private organizations, or other governments which are not available to support the Village's own programs. The Village has no trust funds. Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village has no agency funds.

D. BASIS OF ACCOUNTING

The Village's financial statements are prepared using the cash basis of accounting. 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.

As a result of the use of this 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.

E. 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.

VILLAGE OF SOUTH AMHERST, OHIO
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

E. BUDGETARY PROCESS (continued)

The appropriations ordinance is the Village Council's authorization to spend resources and sets limits on cash disbursements 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. This is contrary to ORC Section 5705.38 (C) which requires "subdivisions" other than schools to separately appropriate the amounts for each office, departments and division, and within each, the amount appropriated for personal services.

The certificate of estimated resources may be amended during the year if projected increases or decreases in receipts are identified by the Village Clerk. 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.

F. 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.

Except for investment contracts and money market investments that had a maturity of one year or less at the time of purchase, investments are reported at fair value, which is based on quoted market prices. Investment contracts and money market investments that had a remaining maturity of one year or less at the time of purchase are reported at cost or amortized cost. Certificates of deposit are reported at cost.

G. RESTRICTED ASSETS

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature of normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors or laws of the other governments, or imposed by law through constitutional provisions or enabling legislation. The village had no restricted assets at year-end.

VILLAGE OF SOUTH AMHERST, OHIO
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

H. 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.

I. 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.

J. INTERFUND RECEIVABLES/PAYABLES

The Village reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

K. 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 cash basis of accounting.

L. 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 8 and 9, the employer contributions include portions for pension benefits and for postretirement health care benefits.

M. LONG-TERM OBLIGATIONS

The Village's cash basis financial statements do not report liabilities for long-term obligations. Proceeds of debt are reported when the cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction and neither an other financing source or a capital outlay expenditure are reported at inception. Lease payments are reported when paid. The Village has no capital leases.

N. 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.

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. As of December 31, 2010, there were no net assets restricted by enabling legislation in the statement of net assets.

O. 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 balance indicates that portion of fund balance which is available for appropriation in future periods. Fund balance reserves have been established for encumbrances.

VILLAGE OF SOUTH AMHERST, OHIO
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

P. INTERFUND TRANSACTIONS

Transfers between governmental and business-type activities on the government-wide financial statements are reported in the same manner as general receipts.

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating receipts/disbursements in proprietary funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

NOTE 2 – 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, Income Tax Fund and Street Construction and Repair Fund are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is the outstanding year end encumbrances treated as cash disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis). The Village had no encumbrances outstanding at year end (budgetary basis).

NOTE 3 – CHANGE IN BASIS OF ACCOUNTING AND RESTATEMENT OF FUND EQUITY

For the year ended December 31, 2010, the Village revised its financial statement 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. The financial statements now include entity-wide financial statements, which present information for the Village as a whole, and fund financial statements, which present information for individual major funds rather than by fund type. Non-major funds are presented in one column.

The Village also implemented GASB Statement No. 37, which clarified certain provisions of Statement No. 34, including the required content of the Management’s Discussion and Analysis, the classification of program receipts and the criteria for determining major funds, and GASB Statement No. 38, which modifies, establishes and rescinds certain financial statement note disclosures.

NOTE 4 – DEPOSITS AND INVESTMENTS

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

Active deposits are public deposits determined to be necessary to meet current demands upon the Village treasury. Such 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.

VILLAGE OF SOUTH AMHERST, OHIO
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 4 – DEPOSITS AND INVESTMENTS (continued)

Inactive deposits are public deposits that the Village 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 monies 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 notes, bills, bonds, 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 other obligations or securities 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 that 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 that 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) 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;
- 6) 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 of debt of the Village, and must be purchased with the expectation that it will be held until maturity. Investments may only be made through specified dealers and institutions.

VILLAGE OF SOUTH AMHERST, OHIO
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 4 – 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, the carrying amount of the village's deposits was \$ 1,593,225 and the bank balance was \$ 1,628,338. Of the bank balance, \$ 250,000 was covered by federal depository insurance and \$ 1,378,338 was uninsured. Of the remaining balance, \$ 1,378,338 was collateralized with securities held by the pledging institution's trust department not in the Village's name.

The Village has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law required 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 5 – LOCAL INCOME TAX

The Village levies a municipal income tax of one percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as certain income of residents earned outside of the Village.

Employers within the Village withhold income tax on employee compensation and remit the tax to the Village either monthly or quarterly, as required. Corporations and other individual taxpayers pay estimated taxes quarterly and file a declaration annually.

NOTE 6 – PROPERTY TAX

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Village. Real property tax receipts received in 2010 represent the collection of 2009 taxes. Real property taxes received in 2010 were levied after October 1, 2009, on the assessed values as of January 1, 2009, 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 2010 represent the collection of 2009 taxes. Public utility real and tangible personal property taxes received in 2010 became a lien on December 31, 2009, were levied after October 1, 2009, 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.

VILLAGE OF SOUTH AMHERST, OHIO
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 6 – PROPERTY TAX (continued)

Tangible personal property tax revenues received in calendar year 2010 (other than public utility property) represent the collection of calendar year 2010 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. The October 2009 tangible personal property tax settlement was the last property tax settlement for general personal property taxes. Tangible personal property taxes received from telephone companies in calendar year 2010 were levied after October 1, 2009, on the value as of December 31, 2009. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the Village prior to June 30.

The full tax rate for all Village operations for the year ended December 31, 2010, was \$ 3.14 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2010 property tax receipts were based are as follows:

	2010 Collection Year
Property valuation consisted of:	
Real property	\$ 30,463,250
Public utility property	616,970
Tangible personal property	23,100
Total valuation	\$ 31,103,320

NOTE 7 – RISK MANAGEMENT

The Village is exposed to various risk of loss related torts, theft of, damage to and destruction of assets, errors and omissions, injuries to employees and natural disasters. The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles;
- Law enforcement liability;
- Public officials liability;
- Employment practice liability;
- Crime;
- Inland marine and EDP, and
- Errors and omissions.

The Village pays the State Worker's Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs. The System administers pays all claims.

VILLAGE OF SOUTH AMHERST, OHIO
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 8 – 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) 222-5601 or (800) 222-7377.

For the year ended December 31, 2010, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 10.0 percent of their annual covered salaries. Members participating in the traditional plan who were in law enforcement or public safety contributed 10.1 percent of their annual covered salary. The Village contributed at a total rate of 14.0% for state and local, 17.87% for law enforcement and public safety divisions. 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, 2010, 2009, and 2008 were \$ 33,848, \$ 35,888, and \$ 34,126, respectively. The Village has paid all contributions required through December 31, 2010.

NOTE 9 - POSTEMPLOYMENT BENEFITS

A. OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM

Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: The Traditional Pension Plan—a cost-sharing, multiple-employer defined benefit pension plan; the Member-Directed Plan—a defined contribution plan; and the Combined Plan—a cost sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and defined contribution plan. OPERS maintains a cost-sharing multiple employer defined benefit post-employment healthcare plan, which includes a medical plan, prescription drug program and Medicare Part B premium reimbursement, to qualifying members of both the Traditional Pension and the Combined Plans. Members of the Member-Directed Plan do not qualify for ancillary benefits, including postemployment health care coverage.

VILLAGE OF SOUTH AMHERST, OHIO
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 9 - POSTEMPLOYMENT BENEFITS

A. OHIO PUBLIC EMPLOYEES RETIREMENT SYSTEM

In order to qualify for post-employment health care coverage, age-and-service retirees under the Traditional Pension and Combined Plans must have 10 or more years of qualifying Ohio service credit. Health care coverage for disability benefit recipients and qualified survivor benefit recipients is available. The health care coverage provided by OPERS meets the definition of an Other Post Employment Benefit (OPEB) as described in GASB Statement 45. The Ohio Revised Code permits, but does not mandate, OPERS to provide OPEB benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

OPERS issues a stand-alone financial report. Interested parties may obtain a copy by writing OPERS, Attention: Finance Director, 277 East Town Street, Columbus OH 43215-4642, or by calling 614-222-5601 or 800-222-7377.

The Ohio Revised Code provides the statutory authority requiring public employers to fund post retirement health care through their contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post retirement health care benefits.

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2010, state employers contributed at a rate of 14.00% of covered payroll, local government employer units contributed at 14.00% of covered payroll, and public safety and law enforcement employer units contributed at 17.87%. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.0% of covered payroll for state and local employer units and 18.1% of covered payroll for law and public safety employer units. Active members do not make contributions to the OPEB Plan.

OPERS' Post Employment Health Care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). Each year, the OPERS Retirement Board determines the portion of the employer contribution rate that will be set aside for funding of post employment health care benefits. For 2010, the employer contribution allocated to the health care plan was 5.5% of covered payroll, respectively. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The Village's contributions to OPERS for the years ending December 31, 2010, 2009, and 2008 were \$ 33,848, \$ 35,888, and \$ 34,126, respectively, of which \$ 13,299, \$ 14,100, and \$ 17,063, respectively, was allocated to the healthcare plan.

The Health Care Preservation Plan (HCPP) adopted by the OPERS Retirement Board on September 9, 2004, was effective January 1, 2007. Member and employer contribution rates for state and local employers increased on January 1 of each year from 2006 to 2008. Rates for law and public safety employers increased over a six year period beginning on January 1, 2006, with final rate increase on January 1, 2011. These rate increases allowed additional funds to be allocated to the health care plan.

VILLAGE OF SOUTH AMHERST, OHIO
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 10 – DEBT

Changes in the Village’s debt obligations during the year were as follows:

	<u>Outstanding</u> <u>12/31/2009</u>	<u>Additions</u>	<u>Reductions</u>	<u>Outstanding</u> <u>12/31/2010</u>	<u>Due in</u> <u>One Year</u>
<u>Governmental activities</u>					
Ohio Public Works Commission					
Loan CI47J - 0% through 2014	\$ 8,724	\$ -	\$ 1,938	\$ 6,786	\$ 1,939
Loan CI23M - 0% through 2020	26,842	5,555	-	32,397	3,240
Loan CT45M - 0% through 2030	23,733	5,996	-	29,729	1,486
Loan CI08N - 0% through 2031	-	18,409	-	18,409	-
Loan CT29N - 0% through 2031	-	35,350	-	35,350	-
	<u>\$ 59,299</u>	<u>\$ 65,310</u>	<u>\$ 1,938</u>	<u>\$ 122,671</u>	<u>\$ 6,665</u>
<u>Business-type activities</u>					
Ohio Water Development Authority					
Loan #3477 - 5.65% through 2011	\$ 72,582	\$ -	\$ 35,280	\$ 37,302	\$ 37,302
Loan #4578 - 4.59% through 2026	191,968	-	7,664	184,304	8,020
	<u>\$ 264,550</u>	<u>\$ -</u>	<u>\$ 42,944</u>	<u>\$ 221,606</u>	<u>\$ 45,322</u>

The Ohio Public Works Commission (OPWC) loan CI47J relates to the Buckeye East, Erie and Juanita Street Reconstruction, loan CI23M was for Phase 1 Reconstruction of North Lake Street, loan CT45M was Phase 2 Reconstruction of North Lake Street, loan CI08N was Phase 3 Reconstruction of North Lake Street, and loan CT29N was Phase 4 reconstruction of North Lake Street. The OPWC loans will be repaid from the Income Tax Fund. Ohio Water Development Authority (OWDA) loan #3477 relates to the 2001 water line improvement project for Annis Road and loan #4578 relates to the 2006 North Lake Street Water Main Replacement project. Both of the OWDA loans will be repaid from the Water Fund.

The loan CI47J is paid in semiannual installments of \$ 1,938. The first payment was due July 2009 with the loan maturing in January 2014.

North Lake Street Reconstruction project was completed in four phases. Phase 1 loan CI23M will be paid in semiannual installments of \$1,620. The first payment is scheduled for January 2011 with a matured date of July 2020. Phase 2 loan CT45M will be paid in semiannual installments of \$743. The first payment is scheduled for January 2011 with the loan maturing in July 2030. Repayment of Phase 3 loan CI08N and Phase 4 loan CT29N will begin after the project is closed. The final loan amount has not been determined at December 31, 2010, as the Village is still drawing on Phase 3 and Phase 4 of the loans. The loans will be repaid in semiannual installments of \$944 for Phase 3 and \$1,244 for Phase 4 over an estimated 20 years. The Village has not yet collected the total proceeds to be received on these loans and as a result, Phase 3 and Phase 4 are not reflected in the amortization schedule of the OPWC loans.

The Village will repay loan #3477 in semiannual installments of \$ 19,445, including interest. The loan matures on July 1, 2011. The loan is collateralized by income tax receipts.

Loan #4578 requires semiannual installments of \$8,237, including interest. The loan matures on July 1, 2026. The Village has agreed to set utility rates sufficient to cover OWDA debt service requirements.

VILLAGE OF SOUTH AMHERST, OHIO
LORAIN COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2010

NOTE 10 – DEBT (continued)

Governmental activities amortization schedule of the OPWC loans is below.

Year ending December 31,	Principal	Interest	Total
2011	\$ 6,665	\$ -	\$ 6,665
2012	6,665	-	6,665
2013	6,665	-	6,665
2014	5,698	-	5,698
2015	4,729	-	4,729
2016-2020	23,630	-	23,630
2021-2025	7,430	-	7,430
2026-2030	7,430	-	7,430
	<u>\$ 68,912</u>	<u>\$ -</u>	<u>\$ 68,912</u>

Business-type activities amortization schedule for the OWDA loans is as follows:

Year ending December 31,	Principal	Interest	Total
2011	\$ 45,322	\$ 9,957	\$ 55,279
2012	8,392	7,997	16,389
2013	8,781	7,608	16,389
2014	9,189	7,200	16,389
2015	9,615	6,772	16,387
2016-2020	55,203	26,736	81,939
2021-2025	69,265	12,675	81,940
2026	15,839	548	16,387
	<u>\$ 221,606</u>	<u>\$ 79,493</u>	<u>\$ 301,099</u>

NOTE 11 – CONTINGENT LIABILITIES

The Village received financial assistance from federal and state agencies in the form of grants and subsidies. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements, and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the Village.



Dave Yost • 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 South Amherst
Lorain County
103 West Main Street
South Amherst, Ohio 44001

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 South Amherst, Lorain County, Ohio (the Village) as of and for the year ended December 31, 2010, which collectively comprise the Village's basic financial statements and have issued our report thereon dated April 5, 2012, wherein we noted the Village uses a comprehensive accounting basis other than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Village's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of opining on the effectiveness of the Village's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Village's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. Therefore, we cannot assure that we have identified all deficiencies, significant deficiencies or material weaknesses. However, as described in the accompanying schedule of findings we identified certain deficiencies in internal control over financial reporting, that we consider material weaknesses.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider findings 2010-01, 2010-04, and 2010-05 described in the accompanying schedule of findings to be material weaknesses.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2010-02, 2010-03, and 2010-06.

We also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated April 5, 2012.

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

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



Dave Yost
Auditor of State

April 5, 2012

**VILLAGE OF SOUTH AMHERST
LORAIN COUNTY**

**SCHEDULE OF FINDINGS
December 31, 2010**

FINDING NUMBER 2010-01

Finding for Recovery – Material Weakness – Water Department Receipts

The Village bills and collects for the water used by its approximately 665 residential and 15 business customers. The Water Clerk (the Clerk) enters all the meter readings each month for the new billing cycle. System reports are generated for each billing cycle and reviewed by the Clerk for reasonableness. The customer's bill is system generated and software functions are maintained to update each customer's account. Customers may pay by mail, over the counter, at Piggy's (local grocery store) or Drug Mart (local drug store). All cash payments must have a cash receipt logged in the cash receipt book. Payments are posted by the Clerk and the Clerk prepares the deposit and turns it over to the Village Clerk-Treasurer for deposit into the bank.

During the time period October 29, 2007 through April 13, 2010 we noted numerous receipts that were collected but not accounted for in the deposits to the bank. Some customers who paid by cash at the counter received cash receipts for payment and had the amounts credited to their account to reduce the balance due, but the cash collected was not included in the daily deposit given to the Clerk-Treasurer. No errors were noted for customers who paid by check or who paid at one of the other payment locations.

In accordance with the forgoing facts and pursuant to Ohio Revised Code, Section 117.28 a finding for recovery for public money collected but unaccounted for is hereby issued against Amanda Phillips and the Ohio Farmer's Insurance Company, her bonding company, jointly and severally, in the amount of \$13,035 and in favor of the Village's Water Fund.

Officials Response

There have been software changes made to the Water Department with administrator duties and operator input duties. Deposits are turned in on a timely basis and verified on a monthly basis. Additionally, the Water Clerk has added a function to copy the alternate payment location check for verification of timely deposits for customers who have paid cash at the alternate payment location.

FINDING NUMBER 2010-02

Material Noncompliance – Proper Encumbering

Ohio Rev. Code Section 5705.41 (D) prohibits subdivisions 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 "now and then" certificates, blanket certificates, and super blanket certificates., which are provided for in sections 5705.41(D)(1) and 5705.41(D)(3), respectively, of the Ohio Revised Code.

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

**VILLAGE OF SOUTH AMHERST
LORAIN COUNTY**

**SCHEDULE OF FINDINGS
December 31, 2010**

FINDING NUMBER 2010-02 (Continued)

Material Noncompliance – Proper Encumbering (Continued)

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 the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by Village Council.

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

Super Blanket Certificate - The Village Council 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, or any other recurring and reasonably predictable operating expense. This certification is not to extend beyond the current fiscal year. More than one super blanket certificate may be outstanding at a particular time for any line item appropriation.

The Village Council has not legislatively set a sum that the "blanket" certificates cannot exceed. Failure to set this amount may result in expenditures exceeding appropriations.

In addition, during our testing of the Village’s non-payroll expenditures, we noted 50 out of 65 transactions (77%) reviewed were not encumbered prior to the purchase commitment. 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 that the Clerk-Treasurer 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.

We recommend the Village certify expenditures to which section 5705.41(D) applies. The most convenient certification method is to use purchase orders that include the certification language 5705.41(D) requires to authorize disbursements. The Clerk-Treasurer should sign and date the certification at the time the Village incurs a commitment, and only when the requirements of 5705.41(D) are satisfied. The fiscal officer should post approved purchase commitments to the proper appropriation code, to reduce the available appropriation. The Village should also adopt an ordinance or resolution specifying the maximum dollar amount for which a blanket purchase order can be issued.

Official’s Response:

Purchase orders are on a computer spread sheet and the monthly amount is now deducted from the beginning amount set for the blanket P.O. As the amount is decreased we can then make sure the P.O. does not go over the allowed amount.

**VILLAGE OF SOUTH AMHERST
LORAIN COUNTY**

**SCHEDULE OF FINDINGS
December 31, 2010**

FINDING NUMBER 2010-03

Material Weakness – Recording of OPWC Receipts and Expenditures

Auditor of State Bulletins 2000-008 and 2002-004 provide guidance for local governments participating in on behalf programs with other governments as to the application of Statement No. 24 of the Governmental Accounting Standards Board. In general, when a local government enters into an on-behalf program agreement with another local government or the State (or the federal government, if applicable), whereby the local government or its residents are the beneficiaries under the agreement, the cash value benefit of the program received under the agreement should be recorded as memorandum receipts and disbursements in the year on-behalf disbursements are made.

There are also several budgetary compliance requirements associated with the recording of such program receipts and disbursements:

- Ohio Rev. Code Section 5705.09(F) requires the legislative authority to approve, by resolution, the grant or project application and must establish any fund(s) necessary to meet the grant or project objectives.
- Once the grant is awarded or the application is approved, the fiscal officer must obtain an official certificate of estimated resources or an amended certificate of estimated resources for all or part of the grant or project, based on the expected cash disbursements to be made on the local government's behalf in the current fiscal year in accordance with Ohio Rev. Code Section 5705.36(A)(3).
- Ohio Rev. Code Section 5705.41(B) prohibits a subdivision or taxing unit from making expenditures unless they have been properly appropriated; therefore, appropriations should be recorded in accordance with the terms and conditions of the grant or project agreement. Ohio Rev. Code Section 5705.40 requires the legislative authority to pass a resolution amending its appropriation measure prior to recording the appropriations.

During 2010, the Village was the beneficiary of Ohio Public Works Commission (OPWC) monies that were paid directly to the vendors by OPWC. On behalf of the City, OPWC paid vendors \$184,810.67 in 2010. The Village did not record the receipt and expenditure transactions relating to these OPWC on-behalf-of payments, nor did they amend their estimated resources and appropriations to properly budget for the expected grant receipts and expenditures. The Village adjusted the financial statements to reflect these transactions receipts and expenditures.

Officials Response:

We now know that OPWC grant money we receive will be documented the right way on our financials.

FINDING NUMBER 2010-04

Material Weakness – Developing and Implementing an Effective Monitoring Control System

Ohio Admin. Code Section 117-2-01 (A) states that all public officials are responsible for the design and operation of a system of internal control that is adequate to provide reasonable assurance regarding the achievement of objectives for their respective public offices in certain categories. Subsection (C)(5) provides that internal control consists of the following component, among others: monitoring, which is a process that assesses the quality of internal control performance over time.

**VILLAGE OF SOUTH AMHERST
LORAIN COUNTY**

**SCHEDULE OF FINDINGS
December 31, 2010**

FINDING NUMBER 2010-04 (Continued)

Material Weakness – Developing and Implementing an Effective Monitoring Control System (Continued)

Monitoring controls are comprised of regular management and supervisory activities established to oversee whether management's objectives are being achieved. Effective monitoring controls assist management in assessing the quality of internal control performance over time. This process involves assessing the design and operation of controls on a timely basis and taking necessary corrective actions. Monitoring controls should assist management in identifying unexpected results and/or possible misstatements.

Some effective monitoring controls include:

- Regular review of monthly financial statements;
- Review of revenues and expenses with independently accumulated information (budgets, past performances, peer group representatives, etc.);
- Review of large or unusual fluctuations;
- Identification of unusual fluctuations;
- Comparison of financial statement position with financial projections and other internally prepared projections of financial position and operating results;
- Comparison of predefined key performance indicators based on the financial statements;
- Review of items which have been outstanding for extended periods of time (outstanding check listing for payroll and non payroll transactions);
- Monitoring compliance with grant agreements;
- Ensuring that an adequate segregation of duties exists; and
- Review of monthly bank reconciliations by someone independent of their preparation.

The lack of effective monitoring controls led to the misstatement noted in findings 2010-01 and 2010-04. This could also result in a loss of funding from state sources, and errors or irregularities occurring in financial transactions could go undetected.

We recommend that management prepare monthly financial statements and submit them to the Council at each regularly scheduled meeting. The Council should review the financial statements and when satisfied as to their accuracy approve them through the minute records. In addition, management should ensure that any reports required by the grantor agencies, per the terms of grant agreements, are completed accurately and filed with the respective grantor agencies in a timely manner. Management should also ensure that proper segregation of duties exists, including an independent review of the monthly bank reconciliations.

Official's Response:

We have a finance meeting every quarter and the Clerk/Treasurer supplies Council with the monthly check reconciliation. The Finance Committee signs the expenditures on the voucher.

FINDING NUMBER 2010-05

Material Noncompliance – Adequate Supporting Documentation

Ohio Rev. Code Section 149.351 requires that all records are the property of the public office and shall not be removed, destroyed, mutilated, transferred, or otherwise damaged or disposed of, in whole or in part, except as provided by Ohio Rev. Code Sections 149.38 through 149.42.

**VILLAGE OF SOUTH AMHERST
LORAIN COUNTY**

**SCHEDULE OF FINDINGS
December 31, 2010**

FINDING NUMBER 2010-05 (Continued)

Material Noncompliance – Adequate Supporting Documentation (Continued)

During our testing of the Recreation Department receipts, we noted that 100% of the Village receipts did not have any detail documentation as to the specific purpose of the amount recorded on the bank deposit slip. A lack of supporting documentation makes it difficult for the Village to determine how to properly classify the Recreation Department receipts.

The Village should ensure all records are properly maintained with supporting documentation and adequately safeguarded and available for inspection for audit purposes.

If there is not adequate enough detail with a receipt it could lead to the Village collecting an incorrect amount of funds and lower levels of revenue or expending village monies on inappropriate items.

We recommend the Village implement procedures over the reporting of receipts collected at the Recreation Department. A standard receipt form should be used to ensure all necessary information is reported, including individual amount(s) received and from whom; individual cash or check amounts; activity or purpose the receipt is intended to support; date received; number of items sold and amount charged; etc, as applicable to the specific receipts. This will enable the Village to ensure the proper reporting of receipts collected at the Recreation Department.

Official's Response:

We now collect the receipts of the players that are signing up for recreation. The recreation system we are implementing is a work in progress. We do recognize there are still controls that need to be put in place.

**VILLAGE OF SOUTH AMHERST
LORAIN COUNTY**

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

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2009-01	ORC 5705.41(D) – 63 out of 65 transactions were not properly encumbered.	No	Repeated as Finding 2010-02
2009-02	ORC 5705.41(B) – Six funds had expenditures exceeding appropriations at December 31, 2009.	Yes	
2009-03	ORC 5705.36(A)(2) – Two funds had appropriations in excess of available resources.	No	Repeated as a Management Letter comment



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VILLAGE OF SOUTH AMHERST

LORAIN 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 3, 2012