



**VILLAGE OF SOUTH AMHERST
LORAIN COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2001 & 2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

VILLAGE OF SOUTH AMHERST
LORAIN COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

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

We have audited the accompanying financial statements of the Village of South Amherst, Lorain County, Ohio, (the Village) as of and for the years ended December 31, 2001 and December 31, 2000. These financial statements are the responsibility of the Village's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated June 18, 2002 on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audits.

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

A handwritten signature in black ink, appearing to read "Jim Petro".

Jim Petro
Auditor of State

June 18, 2002

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**VILLAGE OF SOUTH AMHERST
LORAIN COUNTY**

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

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$70,714	\$224,129	\$0	\$294,843
Intergovernmental Receipts	123,523	54,953	111,839	290,315
Charges for Services	60,200	48,795	0	108,995
Fines, Licenses, and Permits	33,942	0	0	33,942
Earnings on Investments	28,560	28,226	0	56,786
Miscellaneous	19,873	4,253	0	24,126
Total Cash Receipts	<u>336,812</u>	<u>360,356</u>	<u>111,839</u>	<u>809,007</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	107,719	0	0	107,719
Public Health Services	25,599	24,985	0	50,584
Leisure Time Activities	0	14,340	0	14,340
Community Environment	132	0	0	132
Basic Utility Services	0	52,425	0	52,425
Transportation	0	75,338	0	75,338
General Government	92,356	16,160	0	108,516
Debt Service:				
Principal Payments	0	11,365	0	11,365
Interest Payments	0	8,475	0	8,475
Capital Outlay	18,888	10,835	111,839	141,562
Total Cash Disbursements	<u>244,694</u>	<u>213,923</u>	<u>111,839</u>	<u>570,456</u>
Total Receipts Over/(Under) Disbursements	<u>92,118</u>	<u>146,433</u>	<u>0</u>	<u>238,551</u>
Other Financing Receipts/(Disbursements):				
Transfers-In	31,600	8,000	0	39,600
Transfers-Out	(8,000)	(31,600)	0	(39,600)
Other Financing Sources	0	600	0	600
Other Financing Uses	(1,123)	(4,493)	0	(5,616)
Total Other Financing Receipts/(Disbursements)	<u>22,477</u>	<u>(27,493)</u>	<u>0</u>	<u>(5,016)</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	<u>114,595</u>	<u>118,940</u>	<u>0</u>	<u>233,535</u>
Fund Cash Balances, January 1	<u>630,512</u>	<u>718,439</u>	<u>0</u>	<u>1,348,951</u>
Fund Cash Balances, December 31	<u>\$745,107</u>	<u>\$837,379</u>	<u>\$0</u>	<u>\$1,582,486</u>
Reserves for Encumbrances, December 31	<u>\$1,377</u>	<u>\$69,519</u>	<u>\$0</u>	<u>\$70,896</u>

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

**VILLAGE OF SOUTH AMHERST
LORAIN COUNTY**

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

	<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Types</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Nonexpendable Trust</u>	
Operating Cash Receipts:			
Charges for Services	\$202,163	\$0	\$202,163
Total Operating Cash Receipts	<u>202,163</u>	<u>0</u>	<u>202,163</u>
Operating Cash Disbursements:			
Personal Services	31,887	0	31,887
Contractual Services	143,079	0	143,079
Supplies and Materials	10,862	0	10,862
Capital Outlay	11,868	0	11,868
Total Operating Cash Disbursements	<u>197,696</u>	<u>0</u>	<u>197,696</u>
Operating Income/(Loss)	<u>4,467</u>	<u>0</u>	<u>4,467</u>
Non-Operating Cash Receipts:			
Earnings on Investments	0	64	64
Other Non-Operating Receipts	1,991	0	1,991
Total Non-Operating Cash Receipts	<u>1,991</u>	<u>64</u>	<u>2,055</u>
Non-Operating Cash Disbursements:			
Other Non-Operating Cash Disbursements	3,512	0	3,512
Total Non-Operating Cash Disbursements	<u>3,512</u>	<u>0</u>	<u>3,512</u>
Net Receipts Over/(Under) Disbursements	2,946	64	3,010
Fund Cash Balances, January 1	18,025	4,921	22,946
Fund Cash Balances, December 31	<u>\$20,971</u>	<u>\$4,985</u>	<u>\$25,956</u>
Reserve for Encumbrances, December 31	<u>\$9,900</u>	<u>\$0</u>	<u>\$9,900</u>

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

**VILLAGE OF SOUTH AMHERST
LORAIN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Governmental Fund Types</u>			Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	
Cash Receipts:				
Property Tax and Other Local Taxes	\$58,875	\$203,157	\$0	\$262,032
Intergovernmental Receipts	128,902	55,701	0	184,603
Charges for Services	68,775	57,422	0	126,197
Fines, Licenses, and Permits	24,585	0	0	24,585
Earnings on Investments	16,393	21,408	0	37,801
	<u>297,530</u>	<u>337,688</u>	<u>0</u>	<u>635,218</u>
Cash Disbursements:				
Current:				
Security of Persons and Property	95,116	0	0	95,116
Public Health Services	16,663	24,088	0	40,751
Leisure Time Activities	0	21,578	0	21,578
Community Environment	0	49	0	49
Basic Utility Services	0	5,487	0	5,487
Transportation	0	104,788	0	104,788
General Government	91,602	11,081	0	102,683
Capital Outlay	12,080	114,453	7,086	133,619
	<u>215,461</u>	<u>281,524</u>	<u>7,086</u>	<u>504,071</u>
Total Cash Disbursements	<u>215,461</u>	<u>281,524</u>	<u>7,086</u>	<u>504,071</u>
Total Receipts Over/(Under) Disbursements	<u>82,069</u>	<u>56,164</u>	<u>(7,086)</u>	<u>131,147</u>
Other Financing Receipts/(Disbursements):				
Transfers-In	24,011	9,972	0	33,983
Transfers-Out	(8,000)	(24,021)	0	(32,021)
Other Financing Sources	0	0	7,086	7,086
Other Financing Uses	0	(6,492)	0	(6,492)
	<u>16,011</u>	<u>(20,541)</u>	<u>7,086</u>	<u>2,556</u>
Total Other Financing Receipts/(Disbursement)	<u>16,011</u>	<u>(20,541)</u>	<u>7,086</u>	<u>2,556</u>
Excess of Cash Receipts and Other Financing Receipts Over/(Under) Cash Disbursements and Other Financing Disbursements	98,080	35,623	0	133,703
Fund Cash Balances January 1	532,432	682,816	0	1,215,248
Fund Cash Balances, December 31	<u>\$630,512</u>	<u>\$718,439</u>	<u>\$0</u>	<u>\$1,348,951</u>
Reserves for Encumbrances, December 31	<u>\$2,372</u>	<u>\$3,869</u>	<u>\$0</u>	<u>\$6,241</u>

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

**VILLAGE OF SOUTH AMHERST
LORAIN COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGES IN FUND CASH BALANCES - ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED DECEMBER 31, 2000**

	<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Types</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Nonexpendable Trust</u>	
Operating Cash Receipts:			
Charges for Services	\$168,314	\$0	\$168,314
Total Operating Cash Receipts	<u>168,314</u>	<u>0</u>	<u>168,314</u>
Operating Cash Disbursements:			
Personal Services	63,818	0	63,818
Contractual Services	91,604	0	91,604
Supplies and Materials	15,957	0	15,957
Capital Outlay	5,930	0	5,930
Total Operating Cash Disbursements	<u>177,309</u>	<u>0</u>	<u>177,309</u>
Operating Income/(Loss)	<u>(8,995)</u>	<u>0</u>	<u>(8,995)</u>
Non-Operating Cash Receipts:			
Earnings on Investments	0	120	120
Other Non-Operating Receipts	1,571	0	1,571
Total Non-Operating Cash Receipts	<u>1,571</u>	<u>120</u>	<u>1,691</u>
Non-Operating Cash Disbursements:			
Other Non-Operating Cash Disbursements	1,706	0	1,706
Total Non-Operating Cash Disbursements	<u>1,706</u>	<u>0</u>	<u>1,706</u>
Excess of Receipts Over/(Under) Disbursements Before Interfund Transfers and Advances	(9,130)	120	(9,010)
Transfers-In	0	10	10
Transfers-Out	0	(1,972)	(1,972)
Net Receipts Over/(Under) Disbursements	(9,130)	(1,842)	(10,972)
Fund Cash Balances, January 1	<u>27,155</u>	<u>6,763</u>	<u>33,918</u>
Fund Cash Balances, December 31	<u>\$18,025</u>	<u>\$4,921</u>	<u>\$22,946</u>
Reserve for Encumbrances, December 31	<u>\$16,012</u>	<u>\$0</u>	<u>\$16,012</u>

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

**VILLAGE OF SOUTH AMHERST
LORAIN COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of the Entity

The Village of South Amherst, Lorain County, Ohio, (the Village) is a body corporate and politic established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a publicly-elected six-member Council. The Village provides general governmental services, including water, park operations, police, fire protection and emergency medical services.

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

B. Basis of Accounting

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

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

C. Cash and Investments

Investments are included in fund cash balances. 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 disbursements, respectively.

Certificates of deposit are valued at cost. Money market mutual funds (including STAR Ohio) are recorded at share values reported by the mutual fund.

D. Fund Accounting

The Village uses fund accounting to segregate cash and investments that are restricted as to use. The Village classifies its funds into the following types:

1. General Fund

The General Fund is the general operating fund. It is used to account for all financial resources except those required to be accounted for in another fund.

**VILLAGE OF SOUTH AMHERST
LORAIN COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Special Revenue Funds

These funds are used to account for proceeds from specific sources (other than from trusts or for capital projects) that are restricted to expenditure for specific purposes. The Village had the following significant Special Revenue Funds:

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

Income Tax Fund - This fund is used to account for income taxes for capital improvements and police and fire protection.

3. Capital Projects Funds

These funds are used to account for receipts that are restricted for the acquisition or construction of major capital projects (except those financed through enterprise or trust funds). The Village had the following significant Capital Projects Fund:

Capital Improvement Fund - This fund is used to account for purchases of equipment financed with general operating moneys designated by the Village.

4. Enterprise Funds

These funds account for operations that are similar to private business enterprises where management intends that the significant costs of providing certain goods or services will be recovered through user charges. The Village had the following significant Enterprise Fund:

Water Fund - This fund receives charges for services from residents to cover the cost of providing this utility.

5. Fiduciary Funds (Non-Expendable Trust Funds)

Trust funds are used to account for resources restricted by legally binding trust agreements. If the agreement requires the Village to maintain the corpus of the trust, the fund is classified as a nonexpendable trust fund. The Village had the following significant fiduciary fund:

Cemetery Fund - This fund is used to accumulate investment income that is used to fund cemetery operations.

**VILLAGE OF SOUTH AMHERST
LORAIN COUNTY**

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Budgetary Process

The Ohio Revised Code requires that each fund be budgeted annually.

1. Appropriations

Budgetary expenditures (that is, disbursements and encumbrances) may not exceed appropriations at the fund level of control, and appropriations may not exceed estimated resources. The Council must annually approve appropriation measures and subsequent amendments. The County Budget Commission must also approve the annual appropriation measure. Unencumbered appropriations lapse at year end.

2. Estimated Resources

Estimated resources include estimates of cash to be received (budgeted receipts) plus unencumbered cash as of January 1. The County Budget Commission must also approve estimated resources.

3. Encumbrances

The Ohio Revised Code requires the Village to reserve (encumber) appropriations when commitments are made. Encumbrances outstanding at year end are carried over, and need not be reappropriated. The Village did not encumber all commitments required by Ohio law.

A summary of 2001 and 2000 budgetary activity appears in Note 3.

F. Property, Plant and Equipment

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

G. Accumulated Leave

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

2. EQUITY IN POOLED CASH AND INVESTMENTS

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

**VILLAGE OF SOUTH AMHERST
LORAIN COUNTY**

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

2. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)

	2001	2000
Demand deposits	\$ 394,095	\$ 518,779
Money Market Accounts	570,461	302,327
Certificates of deposit	643,886	550,791
Total deposits	1,608,442	1,371,897

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

3. BUDGETARY ACTIVITY

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

2001 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$301,140	\$368,412	\$67,273
Special Revenue	327,161	368,956	41,795
Capital Projects	111,839	111,839	0
Enterprise	200,000	204,154	4,154
Total	\$940,140	\$1,053,361	\$113,222

2001 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$270,199	\$255,194	\$15,005
Special Revenue	337,574	319,535	18,039
Capital Projects	111,839	111,839	0
Enterprise	259,369	211,108	48,261
Total	\$978,981	\$897,676	\$81,305

**VILLAGE OF SOUTH AMHERST
LORAIN COUNTY**

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

3. BUDGETARY ACTIVITY (Continued)

2000 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$289,423	\$321,541	\$32,118
Special Revenue	324,308	347,660	23,352
Capital Projects	7,086	7,086	0
Enterprise	357,000	169,885	(187,115)
Total	\$977,817	\$846,172	(\$131,645)

2000 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$268,552	\$225,833	\$42,719
Special Revenue	564,419	315,906	248,513
Capital Projects	7,086	7,086	0
Enterprise	206,732	195,027	11,705
Total	\$1,046,789	\$743,852	\$302,937

4. PROPERTY TAX

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

Tangible personal property tax is assessed by the property owners, who must file a list of such property with the County by each April 30.

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

The County is responsible for assessing property, and for billing, collecting, and distributing all property taxes on behalf of the Village.

5. LOCAL INCOME TAX

The Village levies a municipal income tax of 1 percent on substantially all earned income arising from employment, residency, or business activities within the Village as well as on certain income of residents earned outside of the Village.

**VILLAGE OF SOUTH AMHERST
LORAIN COUNTY**

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

5. LOCAL INCOME TAX (Continued)

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.

6. DEBT

Debt outstanding at December 31, 2001 was as follows:

	Principal	Interest Rate
Ohio Water Development Authority Loan	\$288,635	5.65%
Total	\$288,635	

The Ohio Water Development Authority (OWDA) loan relates to a water line improvement project for Annis Road. The OWDA has approved up to \$300,000 in loans to the Village for this project. The loans will be repaid in semiannual installments of \$19,840, including interest, over 10 years. The scheduled payment will be adjusted to reflect any revisions in amounts actually borrowed. The loan is collateralized by water receipts. The Village has agreed to set utility rates sufficient to cover the OWDA debt service requirements.

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

Year ending December 31:	OWDA Loan
2002	\$39,680
2003	39,680
2004	39,680
2005	39,680
2006	39,680
2007 – 2011	198,400
Total	\$396,800

7. RETIREMENT SYSTEMS

The Village's full- and part-time employees, belong to the Public Employees Retirement System (PERS) of Ohio. PERS is a cost-sharing, multiple-employer plan. This plan provides retirement benefits, including postretirement healthcare, and survivor and disability benefits to participants as prescribed by the Ohio Revised Code.

**VILLAGE OF SOUTH AMHERST
LORAIN COUNTY**

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

7. RETIREMENT SYSTEMS (Continued)

Contribution rates are also prescribed by the Ohio Revised Code. For 2001 and 2000, PERS members contributed 8.5% of their gross salaries. The Village contributed an amount equal to 13.55% of PERS participants' gross salaries for 2001 and from January 1, 2000 through June 30, 2000. PERS temporarily reduced employer contributions to 8.13% effective July 1, 2000 through December 31, 2000. The Village has paid all contributions required through December 31, 2001.

8. RISK MANAGEMENT

Commercial Insurance

The Village has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

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STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

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

We have audited the accompanying financial statements of the Village of South Amherst, Lorain County, Ohio, (the Village) as of and for the years ended December 31, 2001 and December 31, 2000, and have issued our report thereon dated June 18, 2002. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the Village's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audits, we considered the Village's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the Village in a separate letter dated June 18, 2002.

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

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

Jim Petro
Auditor of State

June 18, 2002



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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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
JULY 30, 2002**