



**AMHERST TOWNSHIP
LORAIN COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2009 & 2008



Mary Taylor, CPA
Auditor of State

**AMHERST TOWNSHIP
LORAIN COUNTY**

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LORAIN COUNTY

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Amherst Township
Lorain County
7530 Oberlin Road
Elyria, Ohio 44035

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Amherst Township, Lorain County, Ohio (the Township), as of and for the years ended December 31, 2009 and 2008, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

As described more fully in Note 2, 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, each major fund, and the aggregate remaining fund information of Amherst Township, Lorain County, Ohio, as of December 31, 2009 and 2008, and the respective changes in cash financial position and the respective budgetary comparisons for the General, Road and Bridge and the Fire District funds thereof for the year then ended December 31, 2009 and the General, Gasoline Tax, Road and Bridge and the Fire District funds thereof for the year ended December 2008 in conformity with the basis of accounting Note 2 describes.

Lausche Building / 615 Superior Ave., NW / Twelfth Floor / Cleveland, OH 44113-1801
Telephone: (216) 787-3665 (800) 626-2297 Fax: (216) 787-3361
www.auditor.state.oh.us

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2010, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

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

Mary Taylor, CPA
Auditor of State

November 16, 2010

Amherst Township
Management's Discussion and Analysis
For the Years Ended December 31, 2009 and 2008
Unaudited

This discussion and analysis of Amherst Township's (the Township) financial performance provides an overall review of the Township's financial activities for the years ended December 31, 2009 and December 31, 2008, within the limitations of the Township's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Township's financial performance.

Highlights

Key highlights for 2009 and 2008 are as follows:

Net assets of governmental activities increased \$790,998 or 49.98 percent in 2008 and decreased by \$478,436 or 20.16 percent in fiscal year 2009, a significant change for both years. The fund most affected by the increase in cash and cash equivalents was the General fund. This fund increased dramatically in 2008 by \$614,520 due to a large amount of estate taxes received of \$482,455. The Township began receiving an additional .63 inside mills assessed in fiscal year 2007 and began collection in fiscal year 2008. In 2009, the Township began a \$760,359 upgrade to the Township Hall and Garage resulting in the decrease in governmental net assets.

The Township's general receipts are primarily property taxes. These receipts represent 41.50 percent in fiscal year 2008 and 61.83 percent in 2009 of the total general receipts received during the year. Property tax receipts for 2008 increased by \$29,572 or 4.75% compared to 2007 due to reassessment by the Township. In fiscal year 2009, property taxes remained fairly constant, decreasing by only \$1,389 or .21 percent from 2008.

The Township received solid waste grant monies of \$76,038 in 2008, which were used to offset the cost of residential recycle material pick up. The grant in fiscal year 2009 was \$60,000 and provided for labor, fencing, grinding of yard waste, advertizing of recycling events and dumpsters for salvage from residents.

The Township received loans from OPWC for the Hidden Valley Area Concrete Repairs. The Township received \$216,980 of loan monies in fiscal year 2009 and \$112,648 of monies in fiscal year 2008 (\$90,000 of the \$112,648 was grant monies with the remaining \$22,648 being loan monies). The loans are interest free loans and will be repaid semi-annual over twenty years.

The Amherst Township Senior Services Office received grant funding of \$5,933 during 2009 and 2008 from the Western Reserve Area Agency on Aging for support services for adults over the age of 60 and \$5,180 during 2008 and 2009 in Community Development Block Grants to provide meals to disabled adults and adults over the age of 60.

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 Township'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 Township as a whole.

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

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

Basis of Accounting

The basis of accounting is a set of guidelines that determine when financial events are recorded. The Township 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 Township'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.

Reporting the Township as a Whole

Amherst Township is a rural township with 7,695 residents (6,332 in unincorporated area and 1,363 in South Amherst Village), 3,020 homes, and 20.51 miles of roads (the most recent data available).

The statement of net assets and the statement of activities reflect how the Township did financially during the fiscal year, within the limitations of cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental activities of the Township at year end. The statement of activities compares cash disbursements with program receipts for each governmental program. 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 draws from the Township's general receipts.

These statements report the Township'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 Township's financial health. Over time, increases or decreases in the Township's cash position is one indicator of whether the Township's financial health is improving or deteriorating. When evaluating the Township's financial condition, you should also consider other nonfinancial factors as well such as the Township's property tax base, the extent of the Township'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 taxes.

In the statement of net assets and the statement of activities, we present the governmental activities of the Township. All of the Township's basic services are reported here, including police, fire, streets, and parks. State and federal grants and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Reporting the Township's Most Significant Funds

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

Governmental Funds - Most of the Township's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Township'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 Township's programs. The Township'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. In fiscal year 2009, the Township's major governmental funds are the General fund, the Road and Bridge fund, the Fire District fund, and the Public Works Commission fund. In fiscal year 2008, the Township's major governmental funds are the General fund, Gasoline Tax fund, Road and Bridge fund, the Fire District fund and the Public Works Commission fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements. We describe this relationship in reconciliations presented with the governmental fund financial statements.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the Township. Fiduciary funds are not reflected on the government-wide financial statements because the resources of these funds are not available to support the Township's programs. The Township's agency fund accounts for Treasury of Ohio portion of building inspections. This fund had a zero balance at both fiscal year's end.

Amherst Township
Management's Discussion and Analysis
For the Years Ended December 31, 2009 and 2008
Unaudited

The Township as a Whole

Table 1 provides a summary of the Township's net assets for 2009 compared to 2008, and 2008 compared to 2007 on a cash basis:

	Governmental Activities		
	2009	2008	2007
Assets			
Equity in Pooled Cash and Cash Equivalents	\$1,895,282	\$2,373,718	\$1,582,720
Total Assets	\$1,895,282	\$2,373,718	\$1,582,720
Net Assets			
Restricted for:			
Capital Outlay	\$0	\$0	\$1,006
Other Purposes	1,497,709	1,507,271	1,329,787
Unrestricted	397,573	866,447	251,927
Total Net Assets	\$1,895,282	\$2,373,718	\$1,582,720

The primary reasons contributing to the changes in cash balances are as follows:

- The beginning of the collection of the additional .63 inside mills.
- A windfall collection of estate tax in fiscal year 2008.
- The Town Hall renovation and Garage expansion in fiscal year 2009.

Amherst Township
Management's Discussion and Analysis
For the Years Ended December 31, 2009 and 2008
Unaudited

Table 2 reflects the changes in net assets on a cash basis in 2009 compared to 2008, and 2008 compared to 2007 on a cash basis.

	Governmental Activities		
	2009	2008	2007
Receipts:			
Program Receipts:			
Charges for Services and Sales	\$26,314	\$29,905	\$29,345
Operating Grants and Contributions	95,431	103,048	168,906
Capital Grants and Contributions	0	90,000	88,850
Total Program Receipts	<u>121,745</u>	<u>222,953</u>	<u>287,101</u>
General Receipts:			
Property Taxes	651,130	652,519	622,947
Grants and Entitlements Not Restricted to Specific Programs	317,440	823,605	24,477
Cable Franchise Fees	55,907	25,583	218,702
Earnings on Investments	26,143	64,114	66,852
Miscellaneous	2,449	6,578	26,881
Total General Receipts	<u>1,053,069</u>	<u>1,572,399</u>	<u>959,859</u>
Total Receipts	<u>1,174,814</u>	<u>1,795,352</u>	<u>1,246,960</u>
Disbursements:			
General Government	249,994	193,553	195,103
Public Safety	132,565	168,983	133,483
Public Works	642,283	567,555	449,906
Health	30,958	21,134	26,675
Human Services	55,550	41,633	29,386
Conservation-Recreation	19,507	15,815	51,914
Other	5,177	2,163	6,596
Capital Outlay	731,069	15,238	105,883
Redemption of Principal	2,327	0	0
Interest and Fiscal Charges	207	0	0
Total Disbursements	<u>1,869,637</u>	<u>1,026,074</u>	<u>998,946</u>
OPWC Loan Proceeds	216,980	22,648	0
Other Financing Uses	(593)	(928)	0
Increase (Decrease) in Net Assets	(478,436)	790,998	248,014
Net Assets, January 1	<u>2,373,718</u>	<u>1,582,720</u>	<u>1,334,706</u>
Net Assets, December 31	<u>\$1,895,282</u>	<u>\$2,373,718</u>	<u>\$1,582,720</u>

Program receipts represent 10.37 and 12.42 percent of total receipts in fiscal year 2009 and 2008, respectively. General receipts represent 89.63 and 87.58 percent of the Township's total receipts in fiscal years 2009 and 2008, respectively, and of this amount, 61.83 and 41.50 represent property taxes, respectively. The windfall of estate tax collections in fiscal year 2008 was 30.68 percent of general receipts. State and federal grants and entitlements make up most of the balance of the Township's general receipts. Other receipts are insignificant and somewhat unpredictable revenue sources.

Amherst Township
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Disbursements for General Government represent the overhead costs of running the Township and the support services provided for the other Government activities. These include the costs of Trustees and the Fiscal Officer.

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 economic development department promotes the Township to industry and commerce as well as working with other governments in the area to attract new business; and Transportation is the cost of maintaining the roads.

Governmental Activities

If you look at the Statement of Activities, you will see that the first column lists the major services provided by the Township. The next column identifies the costs of providing these services. In fiscal year 2009, the major program disbursements are for Capital Outlay, Public Works and General Government, which account for 86.83 percent of all disbursements. In fiscal year 2008, the major program disbursements are for Public Works, General Government and Public Safety, which account for 90.65 percent of all disbursements. The next three columns of the Statement entitled Program Cash Receipts identify amounts paid by people who are directly charged for the service and grants received by the Township that must be used to provide a specific service. The Net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service 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.

The dependence upon property receipts is apparent as 34.83 percent of activities in fiscal year 2009 and 63.59 percent in fiscal year 2008 are supported through these general receipts.

The Township's Funds

	Governmental Activities					
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2009	2009	2008	2008	2007	2007
General Government	\$249,994	(\$235,754)	\$193,553	(\$175,565)	\$195,103	(\$167,672)
Public Safety	132,565	(132,565)	168,983	(168,983)	133,483	(133,483)
Public Works	642,283	(551,098)	567,555	(380,454)	449,906	(192,150)
Health	30,958	(30,958)	21,134	(20,406)	26,675	(24,761)
Human Services	55,550	(41,394)	41,633	(24,497)	29,386	(29,386)
Conservation-Recreation	19,507	(19,507)	15,815	(15,815)	51,914	(51,914)
Other	5,177	(3,013)	2,163	(2,163)	6,596	(6,596)
Capital Outlay	731,069	(731,069)	15,238	(15,238)	105,883	(105,883)
Interest and Fiscal Charges	2,534	(2,534)	0	0	0	0
Total Expenses	\$1,869,637	(\$1,747,892)	\$1,026,074	(\$803,121)	\$998,946	(\$711,845)

Amherst Township
Management's Discussion and Analysis
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Unaudited

Total governmental funds had receipts of \$1,174,814 and disbursements of \$1,869,637 in 2009 and receipts of \$1,795,352 and disbursements of \$1,026,074 in 2008.

In 2009, the greatest change within governmental funds occurred within the General fund, which decreased \$468,874 as the result of construction of the Township Hall expansion and Garage addition. For the same reason, the Road and Bridge fund decreased \$153,327. At fiscal year end, there was an advance of \$150,000 from the General to the Road and Bridge fund.

In 2008, the greatest change within governmental funds occurred within the General fund, which increased \$614,520 attributed by the collection of \$482,455 of estate taxes. The Fire District fund did not have any major purchases, as a result, its fund balance increased substantially by \$191,919.

General Fund Budgeting Highlights

Amherst Township'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.

The Township amended its General fund budget several times in fiscal years 2009 and 2008 to reflect changing circumstances. In 2009, actual receipts were \$47,366 higher than final budgeted receipts. Actual disbursements were \$153,513 less than final budgeted appropriations. In 2008, actual receipts were \$146,592 higher than final budgeted receipts. Actual disbursements were \$622,471 lower than final budgeted appropriations.

Capital Assets and Debt Administration

Capital Assets

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

Debt

At December 31, 2009, the Township's outstanding debt totaled \$237,301 in interest free loans from Ohio Public Works Commission for road improvements. For further information regarding Township debt, refer to Note 10 to the basic financial statements.

Current Issues

The challenge for all Townships is to provide quality services to the public while staying within the restrictions imposed by limited, and in some cases, shrinking funding. We rely heavily on property taxes and have very little industry to support the tax base.

Contacting the Township's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Township's finances and to reflect the Township'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 Howard Akin, Fiscal Officer, Amherst Township 7530 Oberlin Rd., Elyria, Ohio 44035.

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AMHERST TOWNSHIP, LORAIN COUNTY
Statement of Net Assets - Cash Basis
December 31, 2009

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$1,895,282
<i>Total Assets</i>	\$1,895,282
 Net Assets	
Restricted for:	
Other Purposes	\$1,497,709
Unrestricted	397,573
<i>Total Net Assets</i>	\$1,895,282

See accompanying notes to the basic financial statements

AMHERST TOWNSHIP, LORAIN COUNTY
Statement of Activities - Cash Basis
For the Year Ended December 31, 2009

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets	
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
General Government	\$249,994	\$14,240	\$0	\$0	(\$235,754)
Public Safety	132,565	0	0	0	(132,565)
Public Works	642,283	0	91,185	0	(551,098)
Health	30,958	0	0	0	(30,958)
Human Services	55,550	9,910	4,246	0	(41,394)
Conservation-Recreation	19,507	0	0	0	(19,507)
Other	5,177	2,164	0	0	(3,013)
Capital Outlay	731,069	0	0	0	(731,069)
Debt Service:					
Redemption of Principal	2,327	0	0	0	(2,327)
Interest and Fiscal Charges	207	0	0	0	(207)
Total Governmental Activities	\$1,869,637	\$26,314	\$95,431	\$0	(\$1,747,892)
General Receipts					
Property Taxes					651,130
Grants and Entitlements not Restricted to Specific Programs					317,440
Cable Franchise Fees					55,907
Earnings on Investments					26,143
Miscellaneous					2,449
Total General Receipts					1,053,069
Other Financing Sources (Uses)					
OPWC Loan Proceeds					216,980
Other Financing Uses					(593)
					<u>216,387</u>
Total General Receipts and Other Financing Sources (Uses)					1,269,456
Change in Net Assets					(478,436)
Net Assets, Beginning of Year					2,373,718
Net Assets, End of Year					\$1,895,282

See accompanying notes to the basic financial statements

AMHERST TOWNSHIP, LORAIN COUNTY
Statement of Cash Basis Assets and Fund Balances
 Governmental Funds
 December 31, 2009

	General	Road and Bridge	Fire District	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$397,573	\$80,557	\$1,307,289	\$109,863	\$1,895,282
<i>Total Assets</i>	<u>\$397,573</u>	<u>\$80,557</u>	<u>\$1,307,289</u>	<u>\$109,863</u>	<u>\$1,895,282</u>
Fund Balances					
Unreserved:					
Undesignated (Deficit), Reported in:					
General Fund	\$397,573	\$0	\$0	\$0	\$397,573
Special Revenue Funds	0	80,557	1,307,289	109,863	1,497,709
<i>Total Fund Balances</i>	<u>\$397,573</u>	<u>\$80,557</u>	<u>\$1,307,289</u>	<u>\$109,863</u>	<u>\$1,895,282</u>

See accompanying notes to the basic financial statements

AMHERST TOWNSHIP, LORAIN COUNTY
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2005

	General	Road and Bridge	Fire District	Public Works Commission Projects	Other Governmental Funds	Total Governmental Funds
Receipts						
Property and Other Local Taxes	\$132,491	\$222,811	\$264,405	\$0	\$31,423	\$651,130
Charges for Services	9,910	0	0	0	0	9,910
Licenses, Permits and Fees	71,476	0	0	0	0	71,476
Intergovernmental	135,244	53,982	69,028	0	154,617	412,871
Special Assessments	835	0	0	0	0	835
Earnings on Investments	26,142	0	0	0	1	26,143
Miscellaneous	1,358	0	0	0	1,091	2,449
Total Receipts	377,456	276,793	333,433	0	187,132	1,174,814
Disbursements						
Current:						
General Government	248,471	0	0	0	1,523	249,994
Public Safety	0	0	92,225	0	40,340	132,565
Public Works	5,472	284,392	0	216,980	135,439	642,283
Health	17,917	0	0	0	13,041	30,958
Human Services	55,550	0	0	0	0	55,550
Conservation-Recreation	19,507	0	0	0	0	19,507
Other	5,177	0	0	0	0	5,177
Capital Outlay	343,436	293,401	94,232	0	0	731,069
Debt Service:						
Redemption of Principal	0	2,327	0	0	0	2,327
Interest and Fiscal Charges	207	0	0	0	0	207
Total Disbursements	695,737	580,120	186,457	216,980	190,343	1,869,637
Excess of Receipts Over (Under) Disbursements	(318,281)	(303,327)	146,976	(216,980)	(3,211)	(694,823)
Other Financing Sources (Uses)						
OPWC Loan Proceeds	0	0	0	216,980	0	216,980
Advances In	2,486	150,000	0	0	2,486	154,972
Advances Out	(152,486)	0	0	0	(2,486)	(154,972)
Other Financing Uses	(593)	0	0	0	0	(593)
Total Other Financing Sources (Uses)	(150,593)	150,000	0	216,980	0	216,387
Net Change in Fund Balances	(468,874)	(153,327)	146,976	0	(3,211)	(478,436)
Fund Balances, Beginning of Year	866,447	233,884	1,160,313	0	113,074	2,373,718
Fund Balances, End of Year	\$397,573	\$80,557	\$1,307,289	\$0	\$109,863	\$1,895,282

See accompanying notes to the basic financial statements

AMHERST TOWNSHIP, LORAIN COUNTY
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
General Fund
For the Year Ended December 31, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$171,103	\$127,918	\$132,491	\$4,573
Charges for Services	11,586	8,662	9,910	1,248
Licenses, Permits and Fees	83,564	62,473	71,476	9,003
Intergovernmental	142,149	106,271	135,244	28,973
Special Assessments	976	730	835	105
Earnings on Investments	30,563	22,849	26,142	3,293
Miscellaneous	1,588	1,187	1,358	171
<i>Total receipts</i>	<u>441,529</u>	<u>330,090</u>	<u>377,456</u>	<u>47,366</u>
Disbursements				
Current:				
General Government	165,168	303,296	248,471	54,825
Public Safety	0	0	0	0
Public Works	3,637	6,679	5,472	1,207
Health	11,911	21,871	17,917	3,954
Human Services	36,926	67,807	55,550	12,257
Conservation-Recreation	12,967	23,811	19,507	4,304
Other	3,441	6,319	5,177	1,142
Capital Outlay	228,295	419,214	343,436	75,778
Debt Service:				
Interest and Fiscal Charges	138	253	207	46
<i>Total Disbursements</i>	<u>462,483</u>	<u>849,250</u>	<u>695,737</u>	<u>153,513</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(20,954)</u>	<u>(519,160)</u>	<u>(318,281)</u>	<u>200,879</u>
Other Financing Sources (Uses)				
Advances In	12	12	2,486	2,474
Advances Out	(759)	(759)	(152,486)	(151,727)
Other Financing Uses	(3)	(3)	(593)	(590)
<i>Total Other Financing Sources (Uses)</i>	<u>(750)</u>	<u>(750)</u>	<u>(150,593)</u>	<u>(149,843)</u>
<i>Net Change in Fund Balance</i>	<u>(21,704)</u>	<u>(519,910)</u>	<u>(468,874)</u>	<u>51,036</u>
<i>Unencumbered Cash Balance Beginning of Year</i>	<u>866,447</u>	<u>866,447</u>	<u>866,447</u>	<u>0</u>
<i>Unencumbered Cash Balance End of Year</i>	<u>\$844,743</u>	<u>\$346,537</u>	<u>\$397,573</u>	<u>\$51,036</u>

See accompanying notes to the basic financial statements

AMHERST TOWNSHIP, LORAIN COUNTY
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Road and Bridge Fund
For the Year Ended December 31, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$254,910	\$257,954	\$222,811	(\$35,143)
Intergovernmental	20,332	20,575	53,982	33,407
<i>Total receipts</i>	<u>275,242</u>	<u>278,529</u>	<u>276,793</u>	<u>(1,736)</u>
Disbursements				
Current:				
Public Works	160,929	235,310	284,392	(49,082)
Capital Outlay	166,026	242,764	293,401	(50,637)
Debt Service:				
Redemption of Principal	0	0	2,327	(2,327)
Interest and Fiscal Charges	1,317	1,926	0	1,926
<i>Total Disbursements</i>	<u>328,272</u>	<u>480,000</u>	<u>580,120</u>	<u>(102,046)</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(53,030)</u>	<u>(201,471)</u>	<u>(303,327)</u>	<u>(103,782)</u>
Other Financing Sources (Uses)				
Advances In	0	0	150,000	150,000
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>150,000</u>	<u>150,000</u>
<i>Net Change in Fund Balance</i>	(53,030)	(201,471)	(153,327)	46,218
<i>Unencumbered Cash Balance Beginning of Year</i>	<u>234,145</u>	<u>234,145</u>	<u>233,884</u>	<u>0</u>
<i>Unencumbered Cash Balance End of Year</i>	<u><u>\$181,115</u></u>	<u><u>\$32,674</u></u>	<u><u>\$80,557</u></u>	<u><u>\$46,218</u></u>

See accompanying notes to the basic financial statements

AMHERST TOWNSHIP, LORAIN COUNTY
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Fire District Fund
For the Year Ended December 31, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$309,768	\$310,902	\$264,405	(\$46,497)
Intergovernmental	24,585	24,674	69,028	44,354
<i>Total receipts</i>	<u>334,353</u>	<u>335,576</u>	<u>333,433</u>	<u>(2,143)</u>
Disbursements				
Current:				
Public Safety	98,703	321,503	92,225	229,278
Capital Outlay	100,851	328,497	94,232	234,265
<i>Total Disbursements</i>	<u>199,554</u>	<u>650,000</u>	<u>186,457</u>	<u>463,543</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>134,799</u>	<u>(314,424)</u>	<u>146,976</u>	<u>461,400</u>
<i>Net Change in Fund Balance</i>	134,799	(314,424)	146,976	461,400
<i>Unencumbered Cash Balance Beginning of Year</i>	<u>1,160,313</u>	<u>1,160,313</u>	<u>1,160,313</u>	<u>0</u>
<i>Unencumbered Cash Balance End of Year</i>	<u>\$1,295,112</u>	<u>\$845,889</u>	<u>\$1,307,289</u>	<u>\$461,400</u>

See accompanying notes to the basic financial statements

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AMHERST TOWNSHIP, LORAIN COUNTY
Statement of Net Assets - Cash Basis
December 31, 2008

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$2,373,718
<i>Total Assets</i>	<u>\$2,373,718</u>
Net Assets	
Restricted for:	
Other Purposes	\$1,507,271
Unrestricted	866,447
<i>Total Net Assets</i>	<u>\$2,373,718</u>

See accompanying notes to the basic financial statements

AMHERST TOWNSHIP, LORAIN COUNTY
Statement of Activities - Cash Basis
For the Year Ended December 31, 2008

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets	
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
General Government	\$193,553	\$17,988	\$0	\$0	(\$175,565)
Public Safety	168,983	0	0	0	(168,983)
Public Works	567,555	50	97,051	90,000	(380,454)
Health	21,134	728	0	0	(20,406)
Human Services	41,633	11,139	5,997	0	(24,497)
Conservation-Recreation	15,815	0	0	0	(15,815)
Other	2,163	0	0	0	(2,163)
Capital Outlay	15,238	0	0	0	(15,238)
<i>Total Governmental Activities</i>	<u>\$1,026,074</u>	<u>\$29,905</u>	<u>\$103,048</u>	<u>\$90,000</u>	<u>(\$803,121)</u>
General Receipts					
Property Taxes					652,519
Grants and Entitlements not Restricted to Specific Programs					823,605
Cable Franchise Fees					25,583
Earnings on Investments					64,114
Miscellaneous					6,578
<i>Total General Receipts</i>					<u>1,572,399</u>
Other Financing Sources (Uses)					
OPWC Loan Proceeds					22,648
Other Financing Uses					(928)
					<u>21,720</u>
<i>Total General Receipts and Other Financing Sources (Uses)</i>					<u>1,594,119</u>
Change in Net Assets					790,998
<i>Net Assets, Beginning of Year</i>					<u>1,582,720</u>
<i>Net Assets, End of Year</i>					<u><u>\$2,373,718</u></u>

See accompanying notes to the basic financial statements

AMHERST TOWNSHIP, LORAIN COUNTY
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2008

	General	Gasoline Tax	Road and Bridge	Fire District	Other Governmental Funds	Total Governmental Funds
Assets						
Equity in Pooled Cash and Cash Equivalents	\$866,447	\$5,038	\$233,884	\$1,160,313	\$108,036	\$2,373,718
<i>Total Assets</i>	<u>\$866,447</u>	<u>\$5,038</u>	<u>\$233,884</u>	<u>\$1,160,313</u>	<u>\$108,036</u>	<u>\$2,373,718</u>
Fund Balances						
Unreserved:						
Undesignated (Deficit), Reported in:						
General Fund	\$866,447	\$0	\$0	\$0	\$0	\$866,447
Special Revenue Funds	0	5,038	233,884	1,160,313	108,036	1,507,271
<i>Total Fund Balances</i>	<u>\$866,447</u>	<u>\$5,038</u>	<u>\$233,884</u>	<u>\$1,160,313</u>	<u>\$108,036</u>	<u>\$2,373,718</u>

See accompanying notes to the basic financial statements

AMHERST TOWNSHIP, LORAIN COUNTY
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2008

	General	Gasoline Tax	Road and Bridge	Fire District	Public Works Commission Projects	Other Governmental Funds	Total Governmental Funds
Receipts							
Property and Other Local Taxes	\$134,199	\$0	\$223,369	\$268,961	\$0	\$25,990	\$652,519
Charges for Services	11,139	0	50	0	0	0	11,189
Licenses, Permits and Fees	43,571	0	728	0	0	0	44,299
Intergovernmental	637,949	84,613	47,351	59,739	90,000	97,001	1,016,653
Earnings on Investments	63,176	938	0	0	0	0	64,114
Miscellaneous	1,231	0	1,617	0	0	3,730	6,578
Total Receipts	891,265	85,551	273,115	328,700	90,000	126,721	1,795,352
Disbursements							
Current:							
General Government	188,101	0	737	301	0	4,414	193,553
Public Safety	0	0	0	127,345	0	41,638	168,983
Public Works	5,115	165,226	204,127	0	112,648	80,439	567,555
Health	17,893	0	0	0	0	3,241	21,134
Human Services	41,633	0	0	0	0	0	41,633
Conservation-Recreation	15,815	0	0	0	0	0	15,815
Other	2,163	0	0	0	0	0	2,163
Capital Outlay	5,097	0	0	9,135	1,006	0	15,238
Total Disbursements	275,817	165,226	204,864	136,781	113,654	129,732	1,026,074
Excess of Receipts Over (Under) Disbursements	615,448	(79,675)	68,251	191,919	(23,654)	(3,011)	769,278
Other Financing Sources (Uses)							
OPWC Loan Proceeds	0	0	0	0	22,648	0	22,648
Advances In	9,363	0	0	0	0	9,363	18,726
Advances Out	(9,363)	0	0	0	0	(9,363)	(18,726)
Other Financing Uses	(928)	0	0	0	0	0	(928)
Total Other Financing Sources (Uses)	(928)	0	0	0	22,648	0	21,720
Net Change in Fund Balances	614,520	(79,675)	68,251	191,919	(1,006)	(3,011)	790,998
Fund Balances, Beginning of Year	251,927	84,713	165,633	968,394	1,006	111,047	1,582,720
Fund Balances, End of Year	\$866,447	\$5,038	\$233,884	\$1,160,313	\$0	\$108,036	\$2,373,718

See accompanying notes to the basic financial statements

AMHERST TOWNSHIP, LORAIN COUNTY
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
General Fund
For the Year Ended December 31, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$138,908	\$154,000	\$134,199	(\$19,801)
Charges for Services	0	12,500	11,139	(1,361)
Licenses, Permits and Fees	57,680	56,583	43,571	(13,012)
Intergovernmental	166,908	468,090	637,949	169,859
Special Assessments	412	500	0	(500)
Earnings on Investments	50,000	50,000	63,176	13,176
Miscellaneous	20,600	3,000	1,231	(1,769)
<i>Total receipts</i>	<u>434,508</u>	<u>744,673</u>	<u>891,265</u>	<u>146,592</u>
Disbursements				
Current:				
General Government	291,315	297,413	188,101	109,312
Public Works	3,700	5,600	5,115	485
Health	20,000	18,000	17,893	107
Human Services	37,500	49,475	41,633	7,842
Conservation-Recreation	40,900	43,800	15,815	27,985
Other	12,060	29,000	2,163	26,837
Capital Outlay	25,750	455,000	5,097	449,903
<i>Total Disbursements</i>	<u>431,225</u>	<u>898,288</u>	<u>275,817</u>	<u>622,471</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>3,283</u>	<u>(153,615)</u>	<u>615,448</u>	<u>769,063</u>
Other Financing Sources (Uses)				
Advances In	0	0	9,363	(9,363)
Advances Out	0	0	(9,363)	9,363
Other Financing Uses	0	(1,800)	(928)	872
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>(1,800)</u>	<u>(928)</u>	<u>872</u>
<i>Net Change in Fund Balance</i>	<u>3,283</u>	<u>(155,415)</u>	<u>614,520</u>	<u>769,935</u>
<i>Unencumbered Cash Balance Beginning of Year</i>	<u>251,899</u>	<u>251,899</u>	<u>251,899</u>	<u>0</u>
Prior Year Encumbrances Appropriated	<u>28</u>	<u>28</u>	<u>28</u>	<u>0</u>
<i>Unencumbered Cash Balance End of Year</i>	<u>\$255,210</u>	<u>\$96,512</u>	<u>\$866,447</u>	<u>\$769,935</u>

See accompanying notes to the basic financial statements

AMHERST TOWNSHIP, LORAIN COUNTY
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Gasoline Tax Fund
For the Year Ended December 31, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Intergovernmental	\$90,000	\$86,500	\$84,613	(\$1,887)
Earnings on Investments	0	3,500	938	(2,562)
<i>Total receipts</i>	<u>90,000</u>	<u>90,000</u>	<u>85,551</u>	<u>(4,449)</u>
Disbursements				
Current:				
Public Works	110,205	172,000	165,226	6,774
<i>Total Disbursements</i>	<u>110,205</u>	<u>172,000</u>	<u>165,226</u>	<u>6,774</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(20,205)</u>	<u>(82,000)</u>	<u>(79,675)</u>	<u>2,325</u>
<i>Net Change in Fund Balance</i>	(20,205)	(82,000)	(79,675)	2,325
<i>Unencumbered Cash Balance Beginning of Year</i>	<u>84,713</u>	<u>84,713</u>	<u>84,713</u>	<u>0</u>
<i>Unencumbered Cash Balance End of Year</i>	<u>\$64,508</u>	<u>\$2,713</u>	<u>\$5,038</u>	<u>\$2,325</u>

See accompanying notes to the basic financial statements

AMHERST TOWNSHIP, LORAIN COUNTY
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Road and Bridge Fund
For the Year Ended December 31, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$238,862	\$257,989	\$223,369	(\$34,620)
Charges for Services	0	0	50	50
Licenses, Permits and Fees	500	2,000	728	(1,272)
Intergovernmental	37,119	15,100	47,351	32,251
Miscellaneous	2,500	300	1,617	1,317
<i>Total receipts</i>	278,981	275,389	273,115	(2,274)
Disbursements				
Current:				
General Government	0	1,000	737	263
Public Works	278,277	341,000	204,127	136,873
Capital Outlay	50,000	50,000	0	50,000
<i>Total Disbursements</i>	328,277	392,000	204,864	187,136
<i>Excess of Receipts Over (Under) Disbursements</i>	(49,296)	(116,611)	68,251	184,862
<i>Net Change in Fund Balance</i>	(49,296)	(116,611)	68,251	184,862
<i>Unencumbered Cash Balance Beginning of Year</i>	165,633	165,633	165,633	0
<i>Unencumbered Cash Balance End of Year</i>	\$116,337	\$49,022	\$233,884	\$184,862

See accompanying notes to the basic financial statements

AMHERST TOWNSHIP, LORAIN COUNTY
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual -Budget Basis
Fire District Fund
For the Year Ended December 31, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property and Other Local Taxes	\$286,893	\$307,888	\$268,961	(\$38,927)
Intergovernmental	47,999	21,500	59,739	38,239
Miscellaneous	0	150	0	(150)
<i>Total receipts</i>	<u>334,892</u>	<u>329,538</u>	<u>328,700</u>	<u>(838)</u>
Disbursements				
Current:				
General Government	0	0	301	(301)
Public Safety	122,000	117,000	127,345	(10,345)
Capital Outlay	300,000	13,000	9,135	3,865
<i>Total Disbursements</i>	<u>422,000</u>	<u>130,000</u>	<u>136,781</u>	<u>(6,781)</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(87,108)</u>	<u>199,538</u>	<u>191,919</u>	<u>(7,619)</u>
<i>Net Change in Fund Balance</i>	<u>(87,108)</u>	<u>199,538</u>	<u>191,919</u>	<u>(7,619)</u>
<i>Unencumbered Cash Balance Beginning of Year</i>	<u>968,394</u>	<u>968,394</u>	<u>968,394</u>	<u>0</u>
<i>Unencumbered Cash Balance End of Year</i>	<u>\$881,286</u>	<u>\$1,167,932</u>	<u>\$1,160,313</u>	<u>(\$7,619)</u>

See accompanying notes to the basic financial statements

Note 1 – Reporting Entity

The Township of Amherst, Lorain County, Ohio is a body politic and corporate established in 1830 to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Township is directed by a publicly elected three-member Board of Trustees. The Township also has an elected Township Fiscal Officer.

The reporting entity is comprised of the Township government.

A. Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Township. The Township provides general government services, maintenance of Township roads and bridges, and cemetery maintenance. The Township contracts with the Amherst Fire Department & South Amherst Fire Department for fire protection and EMS service. Police protection is provided by the Lorain County Sheriff's Department.

B. Component Units

Component units are legally separate organizations for which the Township is financially accountable. The Township is financially accountable for an organization if the Township appoints a voting majority of the organization's governing board and (1) the Township is able to significantly influence the programs or services performed or provided by the organization; or (2) the Township is legally entitled to or can otherwise access the organization's resources; the Township is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide support to, the organization; or the Township is obligated for the debt of the organization. The Township is also financially accountable for any organizations that are fiscally dependent on the Township in that the Township 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 Township, are accessible to the Township and are significant in amount to the Township.

The Township has no component units.

C. Public Entity Risk Pools

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA), a public entity risk pool. Note 7 to the financial statements provides additional information for this entity.

Note 2 – Summary of Significant Accounting Policies

As discussed further in Note 2.C, 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, 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. Following are the more significant of the Township's accounting policies.

Note 2 – Summary of Significant Accounting Policies (Continued)

A. Basis of Presentation

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

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the Township as a whole. These statements include the financial activities of the primary government. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions.

The statement of net assets presents the cash of the governmental activities of the Township at year end. The statement of activities compares disbursements with program receipts for each of the Township's governmental 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 Township is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program and receipts of interest earned on grants that is required to be used to support 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 activity is self-financing on a cash basis or draws from the Township's general receipts.

Fund Financial Statements

During the year, the Township segregates transactions related to certain Township 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 Township 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.

B. Fund Accounting

The Township 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 Township are divided into two categories, governmental and fiduciary.

Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. For fiscal year 2009, the Township's major funds are the General fund, Road and Bridge fund, the Fire District fund, and the Public Works Commission fund. For fiscal year 2008, the Township's major funds are the General fund, Gasoline Tax fund, Road and Bridge fund, the Fire District fund, and the Public Works Commission 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 Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

The other governmental funds of the Township account for grants and other resources whose use is restricted to a particular purpose.

Note 2 – Summary of Significant Accounting Policies (Continued)

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 Township's own programs. The Township does not have any trust funds.

Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Township's agency fund accounts for Treasury of Ohio portion of building inspections. This fund had a zero balance at both fiscal year ends.

C. Basis of Accounting

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

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 liabilities and the related expenses) are not recorded in these financial statements.

D. Budgetary Process

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

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

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

The appropriations resolution 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 Trustees during the year.

Note 2 – Summary of Significant Accounting Policies (Continued)

E. Cash and Investments

Township records identify the purchase of specific investments by specific funds.

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

Investments with an original maturity of three months or less at the time of purchase and investments of the cash management pool 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, respectively.

During 2009 and 2008, the Township invested in nonnegotiable certificates of deposit and STAR Ohio. The nonnegotiable certificates of deposit are reported at cost.

STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for at the end of any specific day.

Interest earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General fund during 2009 and 2008 were \$26,142 and \$63,176, respectively, in which \$20,979 and \$41,206 were credited from other funds, respectively.

F. Restricted Assets

Cash, cash equivalents and investments are reported as restricted when limitations on their use change the nature or normal understanding of their use. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation.

G. 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.

H. Interfund Receivables/Payables

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

I. Accumulated Leave

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

Note 2 – Summary of Significant Accounting Policies (Continued)

J. Employer Contributions to Cost-Sharing Pension Plans

The Township recognizes the disbursement for 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 healthcare benefits.

K. 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 Township'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.

L. Fund Balance Reserves

The Township 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.

Note 3 – Compliance

Contrary to Auditor of State Bulletins 2000-008 and 2002-004, the Township did not properly account for Ohio Public Works Commission (OPWC) monies that were paid on their behalf in fiscal year 2008.

Contrary to ORC 57051(B), the Township's expended more than legally appropriated in the Road and Bridge fund at December 31, 2009 and in the Garbage and Waste fund at December 31, 2008.

Note 4 – 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, Road and Bridge fund, and Fire fund in fiscal year 2009, and the General fund, Gasoline Tax fund, Road and Bridge fund, and Fire fund in fiscal year 2008 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 are outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis).

Note 5 – Deposits and Investments

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

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

Inactive deposits are public deposits that the Trustees have 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.

Note 5 – Deposits and Investments (Continued)

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

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

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

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

Deposits

Custodial credit risk is the risk in the event of bank failure, the Township will not be able to recover deposits or collateral securities that are in the possession of an outside party. At December 31, 2009, \$547,806 of the Township's bank balance of \$1,224,843 was exposed to custodial risk. At December 31, 2008, \$467,886 of the Township's bank balance of \$718,093 was exposed to custodial risk. These risks exist because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Township's name.

The Township has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the Township 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.

Amherst Township
Notes to the Basic Financial Statements
For the Years Ended December 31, 2009 and 2008

Note 5 – Deposits and Investments (Continued)

Investments

As of December 31, 2009 and December 31, 2008, the Township had the following investments:

	Carrying Value	Maturity
December 31, 2009		
STAR Ohio	\$177,502	Less than Six Months
Certificates of Deposit	342,995	Less than Four Years
Total	\$520,497	
December 31, 2008		
STAR Ohio	901,488	Less than Six Months
Certificates of Deposit	909,302	Less than One Year
Total	1,810,790	

Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The Township does not have an investment policy beyond the requirements of state statute. Ohio law addresses interest rate risk by requiring that the township's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding that need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short-term investments. STAR Ohio carries a rating of AAAM by Standard and Poor's. The Township has no investment policy dealing with investment credit risk beyond the requirements in state statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service.

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Township has no investment policy dealing with investment custodial risk beyond the requirements in ORC 135.14(M)(2) which states, "Payment for investments shall be made only upon the delivery of securities representing such investments to the treasurer, investing authority, or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the treasurer, governing board, or qualified trustee."

Note 6 – Property Taxes

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Real property tax receipts received in 2009 represent the collection of 2008 taxes. Real property taxes received in 2009 were levied after October 1, 2008, on the assessed values as of January 1, 2008, the lien date. Real property tax receipts received in 2008 represent the collection of 2007 taxes. Real property taxes received in 2008 were levied after October 1, 2007, on the assessed values as of January 1, 2006, 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.

Amherst Township
Notes to the Basic Financial Statements
For the Years Ended December 31, 2009 and 2008

Note 6 – Property Taxes (Continued)

Public utility property tax receipts received in 2009 and 2008 represent the collection of 2008 and 2007 taxes respectively. Public utility real and tangible personal property taxes received in 2009 became a lien on December 31, 2008, were levied after October 1, 2009, and are collected in 2010 with real property taxes. Public utility real and tangible personal property taxes received in 2008 became a lien on December 31, 2007, were levied after October 1, 2008, and are collected in 2009 with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2009 and 2008 (other than public utility property) represent the collection of 2009 and 2008 taxes respectively. Tangible personal property taxes received in 2009 and 2008 were levied after October 1, 2008 and October 1, 2007 respectively, on the true value as of December 31, 2008 and December 31, 2007. Tangible personal property tax is being phased out – the assessment percentage of all property including inventory is 6.25 percent for 2008 and reduced to zero in 2009. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property tax is assessed only against local and inter-exchange telephone companies for 2009, who must file a list of such property to the County by each April 30.

The full tax rate for all Township operations for the year ended December 31, 2009, was \$6.53 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2009 property tax receipts were based are as follows:

Real Property		
Residential/Agricultural/Mobile Home	\$	109,865,344
Commercial/Industrial/Railroad		16,252,480
Telephone Tangible		157,100
Public Utility		3,160,820
Total Assessed Value	\$	129,435,744

The full tax rate for all Township operations for the year ended December 31, 2008, was \$6.53 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2008 property tax receipts were based are as follows:

Real Property		
Residential/Agricultural/Mobile Home	\$	108,524,850
Commercial/Industrial/Railroad		15,858,240
Tangible Personal Property		1,732,914
Public Utility		3,090,210
Total Assessed Value	\$	129,206,214

The County Treasurer collects property taxes on behalf of all taxing districts in the county, including the Township. The County Auditor periodically remits to the Township its portion of the taxes collected.

Note 7 – Risk Management

The Township is exposed to various risks of property and casualty losses, and injuries to employees.

The Township insures against injuries to employees through the Ohio Bureau of Worker's Compensation.

Note 7 – Risk Management (Continued)

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. American Risk Pooling Consultants, Inc. (ARPCO), a division of York Insurance Services Group, Inc. (York), functions as the administrator of OTARMA and provides underwriting, claims, loss control, risk management, and reinsurance services for OTARMA. OTARMA is a member of the American Public Entity Excess Pool (APEEP), which is also administered by ARPCO. Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Casualty and Property Coverage

APEEP provides OTARMA with an excess risk-sharing program. Under this arrangement, OTARMA retains insured risks up to an amount specified in the contracts. At December 31, 2009, OTARMA retained \$350,000 for casualty claims and \$150,000 for property claims.

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

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2009 and 2008:

	<u>2009</u>	<u>2008</u>
Assets	\$38,982,088	\$40,737,740
Liabilities	(12,880,766)	(12,981,818)
Net Assets	<u>\$26,101,322</u>	<u>\$27,755,922</u>

At December 31, 2009 and 2008, respectively, the liabilities above include approximately \$12.0 and \$12.1 million of estimated incurred claims payable. The assets above also include approximately \$11.5 and \$10.9 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2009 and 2008, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. As of December 31, 2009, the Township's share of these unpaid claims collectible in future years is approximately \$13,500.

Based on discussions with OTARMA, the expected rates OTARMA charges to compute member contributions, which are used to pay claims as they become due, are not expected to change significantly from those used to determine the historical contributions detailed below. By contract, the annual liability of each member is limited to the amount of financial contributions required to be made to OTARMA for each year of membership.

<u>Contributions to OTARMA</u>	
<u>2009</u>	<u>2008</u>
\$12,661	\$13,637

Note 7 – Risk Management (Continued)

After one year of membership, a member may withdraw on the anniversary of the date of joining OTARMA, if the member notifies OTARMA in writing 60 days prior to the anniversary date. Upon withdrawal, members are eligible for a full or partial refund of their capital contributions, minus the subsequent year's contribution. Withdrawing members have no other future obligation to the pool. Also upon withdrawal, payments for all casualty claims and claim expenses become the sole responsibility of the withdrawing member, regardless of whether a claim occurred or was reported prior to the withdrawal.

Note 8 – Defined Benefit Pension Plan

Ohio Public Employees Retirement System

The Township 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 years ended December 31, 2009 and December 31, 2008, the members of all three plans were required to contribute 10 percent of their annual covered salaries. The Township's contribution rate for pension benefits for 2009 and 2008 was 14.0 percent. The Ohio Revised Code provides statutory authority for member and employer contributions.

The Township's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2009, 2008 and 2007 were \$17,334, \$13,927, and \$17,017 respectively. The full amount has been contributed for 2009, 2008 and 2007.

Note 9 - Postemployment Benefits

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 post-employment health care coverage.

Note 9 - Postemployment Benefits (Continued)

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, 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 2009 and 2008, state and local employers contributed at a rate of 14.00 percent of covered payroll. The Ohio Revised Code currently limits the employer contribution to a rate not to exceed 14.0 percent of covered payroll for state and local 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. The portion of employer contributions allocated to health care was 7.00 percent from January 1 through March 31, 2009 and 5.5 percent from April 1 through December 31, 2009. In fiscal year 2008, the portion of employer contributions allocated to health care was 7.00 percent. The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care coverage by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected.

The rates stated above, are the contractually required contribution rates for OPERS. Actual employer contributions for 2009, 2008 and 2007 which were used to fund postemployment health care benefits were \$12,532 and \$13,927 and \$7,788 respectively.

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 a final rate increase on January 1, 2011. These rate increases allowed additional funds to be allocated to the health care plan.

Amherst Township
Notes to the Basic Financial Statements
For the Years Ended December 31, 2009 and 2008

Note 10 – Debt

The Township's long-term debt activity for the year ended December 31, 2009, was as follows:

	Interest Rate	Balance January 1, 2009	Additions	Reductions	Balance December 31, 2009	Due Within One Year
<u>Governmental Activities</u>						
<u>OPWC Loans</u>						
2008 Issue - Project ID CI35L	0.00%	\$22,648	\$70,440	\$2,327	\$90,761	\$6,982
2009 Issue - Project ID CI10M	0.00%	0	146,540	0	146,540	10,991
Total		<u>\$22,648</u>	<u>\$216,980</u>	<u>\$2,327</u>	<u>\$237,301</u>	<u>\$17,973</u>

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

	<u>OPWC Loans</u>
Year	Principal
2010	\$17,972
2011	11,981
2012	11,981
2013	11,981
2014	11,981
2015-2019	59,907
2020-2024	59,907
2025-2029	51,589
Totals	<u>\$237,301</u>

Note 11 – Construction Commitments

At December 31, 2009, the Township had a remaining balance of the Town Hall Renovation and Garage expansion project of \$65,416.

Note 12 – Joint Economic Development District

In 2005, the Township entered into a contract with the City of Elyria to form the Eaton Northwestern Professional Business Joint Economic Development District (JEDD). It is entirely located in the Eaton Township, and its primary purpose is to allow property owners in the JEDD to connect into the City of Elyria's sanitary sewer system and direct flow of sanitary sewage to sanitary sewer facilities of the City. The City is responsible for the collection, enforcement and administration of the income tax. The gross income tax, less collection expenses, shall be distributed eighty percent of the City and twenty percent to the Township.

Note 13 – Subsequent Events

The Township received a \$177,349 interest-free loan from the Ohio Public Works Commission in October 2010 for the continuing Hidden Valley Area Concrete Repairs project. The first of 40 semi-annual payments is due January 29, 2011.



Mary Taylor, CPA

Auditor of State

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

Amherst Township
Lorain County
7530 Oberlin Road
Elyria, OH 44035

To the Board of Trustees:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Amherst Township, Lorain County, (the Township) as of and for the years ended December 31, 2009 and 2008, which collectively comprise the Township's basic financial statements and have issued our report thereon dated November 16, 2010, wherein, we noted the Township uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Township. However, *Government Auditing Standards* permits the Auditor of State to audit and opine on this entity, because Ohio Revised Code § 117.101 requires the Auditor of State to provide UAN services, and Ohio Revised Code §§ 117.11(B) and 115.56 mandate the Auditor of State to audit Ohio governments. We 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 Township'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 Township's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Township's internal control over financial reporting.

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and timely corrected. We consider finding 2009-001 described in the accompanying schedule of findings to be a material weakness.

Compliance and Other Matters

As part of reasonably assuring whether the Township'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 2009-001 and 2009-002.

We also noted certain matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated November 16, 2010.

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

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



Mary Taylor, CPA
Auditor of State

November 16, 2010

**AMHERST TOWNSHIP
LORAIN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2009 AND 2008**

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

FINDING NUMBER 2009-001

Material Noncompliance/Material Weakness

OPWC - Issue II

Auditor of State Bulletins 2000-008 and 2002-004 state that when a local government enters into an on-behalf-of program agreement with another local government or a State or Federal agency, 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-of disbursements are made. When a local government makes on-behalf-of program disbursements for the benefit of another local government, the Auditor of State recommends the disbursements be recorded as intergovernmental revenue. Specifically for an OPWC loan, OPWC will make payments to the contractor for its share based on invoices submitted by the fiscal officer or to the local government as a reimbursement. For payments made to the contractor, the State will notify the fiscal officer of the amount disbursed. Upon receipt of this notice, each local government shall record a receipt and expenditure in the capital projects fund equal to the amount disbursed by the OPWC.

The Township was the beneficiary of Ohio Public Work Commission (OPWC) money sent directly to the vendor by OPWC during the audit period. In fiscal year 2008, the Township received \$112,648 which was paid directly to the vendor. Of the \$112,648 received from OPWC, \$90,000 was in form of a grant and the remaining \$22,648 of the monies was an interest free loan. Pursuant to Auditor of State Bulletins 2000-008 and 2002-004, the Township should have recorded a receipt and expenditure when they received notice that OPWC disbursed these amounts on the Township's behalf. The Township did not record the receipt or expenditure of this money in a capital projects fund, resulting in a material understatement of intergovernmental revenue of \$90,000, a material understatement of OPWC loan proceeds of \$22,648 and an understatement of capital outlay expenditures of \$112,648 in fiscal year 2008. The accompanying financial statements and Township records were adjusted to reflect these errors in the Public Works Commission Capital Projects fund.

We recommend that when the Township receives funding by a State or Federal agency, the fiscal officer should post the revenue and expenditure to the Township's books in accordance with the guidance provided by the Auditor of State's Bulletins noted above.

OFFICIALS' RESPONSE:

I understand this finding and intend to follow the correct procedures in the future.

**AMHERST TOWNSHIP
LORAIN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2009 AND 2008
(Continued)**

FINDING NUMBER 2009-002

Material Noncompliance

Expenditures in Excess of Appropriations

Ohio Rev. Code Section 5705.41 (B) prohibits a subdivision or taxing unit from making an expenditure unless it has been properly appropriated.

Contrary to Ohio Law, budgetary expenditures exceeded appropriation authority at both fiscal year-ends.

The following fund had expenditures in excess of appropriations at December 31, 2009:

	Total	Expenditures	
Fund	Appropriations	Including Encumbrances	Variance
Road and Bridge	\$480,000	\$580,120	(\$100,120)

The following fund had expenditures in excess of appropriations at December 31, 2008:

	Total	Expenditures	
Fund	Appropriations	Including Encumbrances	Variance
Garbage and Waste	\$65,550	\$86,837	(\$21,287)

In both cases, more revenue was received in each of the funds than originally anticipated, but appropriations were never amended. The Township should monitor appropriations and expenditures monthly, at a minimum, to ensure that expenditures do not exceed appropriations. The Township should amend the appropriations as needed to avoid expenditures in excess of appropriations. If the Township receives additional monies, then they should follow procedures to appropriate those funds and amend their estimated certificate of resources respectively. Failure to limit expenditures to appropriations could lead to expenditures exceeding available resources and ultimately, negative fund balances.

OFFICIALS' RESPONSE:

I understand this finding and will amend appropriations correctly going forward.

**AMHERST TOWNSHIP
LORAIN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FISCAL YEARS ENDING DECEMBER 31, 2009 AND 2008**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2007-001	The Township received OPWC Grants in the amount of \$88,850 in FY 07 and \$101,159 in FY 06, but failed to appropriately account for and budget the monies. An adjustment was made to the financial statements to reflect the memo receipt and expenditure of the grant funds.	No	Partially Corrected; The Township began accounting for monies in 2009 and budgeting for the OPWC monies in both 2009 and 2008, however, the Township failed to record the OPWC Grant and Loan monies in 2008 in the amount of \$90,000 and \$22,648, respectively. (Finding 2009-001).

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Mary Taylor, CPA
Auditor of State

AMHERST TOWNSHIP

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
DECEMBER 14, 2010**