

**VILLAGE OF SOUTH WEBSTER
SCIOTO COUNTY
Regular Audit
For the Years Ended December 31, 2010 and 2009**

Perry & Associates
Certified Public Accountants, A.C.



Dave Yost • Auditor of State

Village Council
Village of South Webster
P.O. Box 38
South Webster, Ohio 45682

We have reviewed the *Independent Accountants' Report* of the Village of South Webster, Scioto County, prepared by Perry & Associates, Certified Public Accountants, A.C., for the audit period January 1, 2009 through December 31, 2010. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Village of South Webster is responsible for compliance with these laws and regulations.

A handwritten signature in cursive script that reads "Dave Yost".

Dave Yost
Auditor of State

January 14, 2013

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**VILLAGE OF SOUTH WEBSTER
SCIOTO COUNTY**

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INDEPENDENT ACCOUNTANTS' REPORT

October 31, 2012

Village of South Webster
Scioto County
P.O. Box 38
South Webster, Ohio 45682

To the Village Council:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the **Village of South Webster**, Scioto County, Ohio (the Village), as of and for the years ended December 31, 2010 and 2009, which collectively comprise the Village's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Village's management. Our responsibility is to express opinions on these financial statements based on our audit.

Except as discussed in paragraph 4, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

As discussed in Note 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.

For the years ended December 31, 2010 and December 31, 2009, the Village revised its financial presentation comparable to the requirements of Governmental Accounting Standard No. 34, *Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments*.

The Village did not provide adequate supporting documentation for charges for services receipts to enable us to determine the completeness, occurrence, allocation, and rights and obligations of charges for services recorded in the Sewage Operations Fund, an Enterprise Fund and a Business-Type Activity, in the financial statements in 2010 and 2009, nor were we able to satisfy ourselves as to those receipts through the use of alternative procedures. These charges for services revenues represent 90 and 85 percent of revenues of the Sewer Operations Fund and Business-Type Activities for the years ended December 31, 2010 and 2009, respectively.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary, had we been able to obtain the information and documentation to support the completeness, occurrence, allocation, and rights and obligations of charges for services receipts in the Sewage Operations Fund, the financial statements referred to above present fairly, in all material respects, the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village of South Webster, Scioto County, as of December 31, 2010 and 2009, and the respective changes in cash financial position, thereof and the respective budgetary comparisons for the General, Street Construction, Maintenance and Repair, Street Lights, and Police Funds for the years then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2012, on our consideration of the Village's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

Respectfully Submitted,



Perry and Associates
Certified Public Accountants, A.C.

Village of South Webster
Scioto County

Management's Discussion and Analysis
For the Years Ended December 31, 2010 and December 31, 2009
Unaudited

This discussion and analysis of the Village of South Webster's financial performance provides an overall review of the Village's financial activities for the years ended December 31, 2010 and December 31, 2009, within the limitations of the Village's cash basis of accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Village's financial performance.

Highlights

Key highlights for 2010 and 2009 are as follows:

Net assets of governmental activities increased \$6,435 in 2010 and increased \$28,041 in 2009.

The Village's general receipts are primarily property taxes and unrestricted State shared revenues. These receipts represent \$91,468, and \$13,210, respectively, for 2010 and \$88,230 and \$13,084 respectively, for 2009, of the total cash received for governmental activities during the year.

Net assets for sewer operations, the Village's business-type activity, decreased \$53,474 and \$31,467 in 2010 and 2009, respectively.

Using the Basic Financial Statements

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

Report Components

The Statement of Net Assets and the Statement of Activities provide information about the cash activities of the Village as a whole.

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

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

Village of South Webster
Scioto County

Management's Discussion and Analysis
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Basis of Accounting

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

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

Reporting the Village as a Whole

One of the most important questions to be asked about the Village is "How did we do financially during 2010 and 2009?"

The Statement of Net Assets and the Statement of Activities reflect how the Village did financially during 2010 and 2009, within the limitations of the cash basis of accounting. The Statement of Net Assets presents the cash balances and investments of the governmental and business-type activity of the Village at year-end. The Statement of Activities compares cash disbursements with program receipts for each governmental program and business-type activity. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function or business-type activity draws from the Village's general receipts.

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

In the Statement of Net Assets and the Statement of Activities, we divide the Village into two types of activities:

Village of South Webster
Scioto County

Management's Discussion and Analysis
For the Years Ended December 31, 2010 and December 31, 2009
Unaudited

Governmental activities – Most of the Village's basic services are reported here, including expenditures for additional patrols provided by the Sheriff's Department and transportation. State and federal grants and income and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

Business-type activity – The Village has one business-type activity, the provision of sewer utility services. Business-type activities are financed by a fee charged to the customers receiving the service.

Reporting the Village's Most Significant Funds

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

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

Proprietary Funds – When the Village charges customers for the services it provides, these services are generally reported in proprietary funds. When the services are provided to the general public, the activity is reported as an enterprise fund. The Village has two enterprise funds: the Sewer Operating Fund and the Sewer Capital Replacement Fund.

The Village as a Whole

Table 1 provides a summary of the Village's net assets for 2010 compared to 2009 on a cash basis:

Village of South Webster
Scioto County
Management's Discussion and Analysis
For the Years Ended December 31, 2010 and December 31, 2009
Unaudited

(Table 1)
Net Assets

	Governmental Activities		Business-Type Activity		Total	
	2010	2009	2010	2009	2010	2009
Assets						
Equity in Pooled Cash and Cash Equivalents	\$115,155	\$108,720	\$32,044	\$85,518	\$147,199	\$194,238
Net Assets						
Restricted for Other Purposes	\$115,155	\$108,720	\$0	\$0	\$115,155	\$108,720
Unrestricted	0	0	32,044	85,518	32,044	85,518
Total Net Assets	\$115,155	\$108,720	\$32,044	\$85,518	\$147,199	\$194,238

Table 2 provides a summary of the Village's net assets for 2009 compared to 2008 on a cash basis:

(Table 2)
Net Assets

	Governmental Activities		Business-Type Activity		Total	
	2009	2008	2009	2008	2008	2009
Assets						
Equity in Pooled Cash and Cash Equivalents	\$108,720	\$80,679	\$85,518	\$116,985	\$194,238	\$197,664
Net Assets						
Restricted for Other Purposes	\$108,720	\$76,348	\$0	\$0	\$108,720	\$76,348
Unrestricted	0	4,331	85,518	116,985	85,518	121,316
Total Net Assets	\$108,720	\$80,679	\$85,518	\$116,985	\$194,238	\$197,664

As mentioned previously, net assets of Governmental Activities increased \$6,435 in 2010 and increased \$28,041 in 2009. The increase in 2010 was primarily due to the lack of major repair projects related to maintaining the streets. The increase in 2009 was primarily due to an increase in property tax receipts related to the Police Fund levy.

Net assets of the Business-Type Activity decreased \$53,474 in 2010 and decreased \$31,467 in 2009. There was a decrease in receipts from customer accounts of \$15,758 and \$8,370, respectively. However, the primary cause of the decrease in net assets in both years is that income from operations is insufficient to provide for debt service.

Village of South Webster
Scioto County
Management's Discussion and Analysis
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Unaudited

Table 3 reflects the changes in net assets for 2010 and 2009.

(Table 3)
Changes in Net Assets

	Governmental Activities		Business-Type Activity		Total	
	2010	2009	2010	2009	2010	2009
Receipts:						
Program Receipts:						
Charges for Services	\$4,055	\$5,113	\$194,074	\$209,832	\$198,129	\$214,945
Operating Grants and Contributions	45,747	42,810	0	0	45,747	42,810
Total Program Receipts	49,802	47,923	194,074	209,832	243,876	257,755
General Receipts:						
Property Taxes	91,468	88,230	0	0	91,468	88,230
Grants and Entitlements Not Restricted to Specific Programs	13,210	13,084	0	0	13,210	13,084
Interest	370	383	27	0	397	383
Miscellaneous	501	726	0	0	501	726
Total General Receipts	105,549	102,423	27	0	105,576	102,423
Total Receipts	155,351	150,346	194,101	209,832	349,452	360,178
Disbursements:						
General Government	36,098	42,931	0	0	36,098	42,931
Security of Persons and Property	88,113	55,758	0	0	88,113	55,758
Public Health Services	3	1,709	0	0	3	1,709
Leisure Time Activities	0	262	0	0	0	262
Basic Utility Services	7,854	8,698	0	0	7,854	8,698
Transportation	16,848	12,637	0	0	16,848	12,637
Capital Outlay	0	310	0	0	0	310
Sewer	0	0	247,575	241,299	247,575	241,299
Total Disbursements	148,916	122,305	247,575	241,299	396,491	363,604
Increase (Decrease) in Net Assets	6,435	28,041	(53,474)	(31,467)	(47,039)	(3,426)
Net Assets at Beginning of Year	108,720	80,679	85,518	116,985	194,238	197,664
Net Assets at End of Year	\$115,155	\$108,720	\$32,044	\$85,518	\$147,199	\$194,238

Village of South Webster
Scioto County
Management's Discussion and Analysis
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Unaudited

Table 4 reflects the changes in net assets for 2009 and 2008.

(Table 4)
Changes in Net Assets

	Governmental Activities		Business-Type Activity		Total	
	2009	2008	2009	2008	2009	2008
Receipts:						
Program Receipts:						
Charges for Services	\$5,113	\$3,847	\$209,832	\$218,202	\$214,945	\$222,049
Operating Grants and Contributions	42,810	34,506	0	47	42,810	34,553
Total Program Receipts	47,923	38,353	209,832	218,249	257,755	256,602
General Receipts:						
Property Taxes	88,230	30,021	0	0	88,230	30,021
Grants and Entitlements Not Restricted to Specific Programs	13,084	9,057	0	0	13,084	9,057
Notes Issued	0	0	0	0	0	0
Interest	383	1,311	0	203	383	1,514
Miscellaneous	726	62	0	0	726	62
Total General Receipts	102,423	40,451	0	203	102,423	40,654
Total Receipts	150,346	78,804	209,832	218,452	360,178	297,256
Disbursements:						
General Government	42,931	23,698	0	0	42,931	23,698
Security of Persons and Property	55,758	11,728	0	0	55,758	11,728
Public Health Services	1,709	6,540	0	0	1,709	6,540
Leisure Time Activities	262	710	0	0	262	710
Basic Utility Services	8,698	2,256	0	0	8,698	2,256
Transportation	12,637	13,178	0	0	12,637	13,178
Capital Outlay	310	360	0	0	310	360
Sewer	0	0	241,299	240,563	241,299	240,563
Total Disbursements	122,305	58,470	241,299	240,563	363,604	299,033
Increase (Decrease) in Net Assets	28,041	20,334	(31,467)	(22,111)	(3,426)	(1,777)
Net Assets at Beginning of Year	80,679	60,345	116,985	139,096	197,664	199,441
Net Assets at End of Year	\$108,720	\$80,679	\$85,518	\$116,985	\$194,238	\$197,664

Governmental Activities

Governmental program receipts represent \$49,802, \$47,923, and \$38,353 of total receipts for 2010, 2009 and 2008, respectively, and are primarily comprised of restricted intergovernmental receipts such as motor vehicle license and gas tax monies, homestead and property tax exemption reimbursements from the Police Fund levy and Street Lights Fund levy, and building rental fees. The increase in program receipts in 2010 from 2009 was insignificant. However, there was an increase in program receipts of

Village of South Webster
Scioto County

Management's Discussion and Analysis
For the Years Ended December 31, 2010 and December 31, 2009
Unaudited

\$9,570 in 2009 from 2008 primarily due to an increase in homestead and property tax exemption reimbursements related to the Police Fund levy.

Disbursements for general government represent the overhead costs of running the Village and the support services provided for the other Village activities. These include the costs of Council, the Clerk-Treasurer, and the Mayor.

Security of persons and property disbursements are the costs of additional patrols provided by the Sheriff's Department and street lights; and transportation is the cost of maintaining the Village's roads.

There was an increase in total disbursements of \$26,611 in 2010 from 2009 and an increase in total disbursements of \$63,835 in 2009 from 2008. These increases were due to the new contract with the Sheriff's office for additional patrols in 2009 and an increase in the cost for the patrols in 2010.

Business-Type Activity

Net assets of the business-type activity decreased \$53,474 and \$31,467 in 2010 and 2009, respectively. There was a decrease in receipts from customer accounts of \$15,758 and \$8,620, respectively. However, the primary cause of the decrease in net assets in both years is that income from operations is insufficient to provide for debt service.

The Village's Funds

The General Fund's balance did not change in 2010 and decreased \$4,331 in 2009, which is insignificant. However, the General Fund's balance would have been negative in both years but an advance was made from the Street Construction, Maintenance and Repair Fund to the General in the amount of \$10,055 in 2009 to cover the negative amount. During 2010, \$1,012 was advanced from the General Fund to the Street Construction, Maintenance and Repair Fund to repay part of the 2009 advance.

The Street Construction, Maintenance and Repair Fund's balance increased \$12,770 in 2010 and increased \$3,277 in 2009. The increases in both years were primarily due to not expending significant monies from this fund for major repairs or capital expenditures.

The Street Lights Fund's balance decreased \$287 in 2010 and increased \$1,734 in 2009. In 2010, receipts were insufficient to cover the operating costs of the street lights. In 2009, receipts were sufficient to cover operating costs of the street lights.

The Police Fund's balance decreased \$4,921 in 2010 and increased \$21,865 in 2009. In 2010, receipts were insufficient to cover the cost of the additional patrols by the Sheriff's department. In 2009, the first year of collections based on the new Police Levy, payments were not made to the Sheriff's department for the full year.

Village of South Webster
Scioto County
Management's Discussion and Analysis
For the Years Ended December 31, 2010 and December 31, 2009
Unaudited

General Fund Budgeting Highlights

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

There was no change in the General Fund in 2010 for the original and final budgeted revenues or the original and final budgeted appropriations. Actual revenues exceeded final budgeted revenues by \$13,561. The most significant increase was in property taxes due to a conservative estimate by the County Auditor. Total final budgeted disbursements exceeded actual disbursements \$29,219 due to excess amounts being budgeted in the general government.

The Village's ending General Fund balance in 2010 was \$48,930 more than the final budgeted amount.

There was no change in the General Fund in 2009 for the original and final budgeted revenues or the original and final budgeted appropriations. Actual revenues exceeded final budgeted revenues by \$9,508. The increase was primarily due to receiving more property taxes and the related homestead and property tax exemption reimbursements than was anticipated. Total actual disbursements were less than budgeted disbursements by \$44,092 due primarily to an excess amount being budgeted for the general government program.

The Village's ending General Fund balance in 2009 was \$54,581 above the final budgeted amount.

Capital Assets and Debt Administration

Capital Assets

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

Debt

At December 31, 2010 and December 31, 2009, the Village's outstanding enterprise debt was \$2,304,231 and \$2,406,641, respectively, for an Ohio Water Development Authority loan issued for the construction of the wastewater treatment facility. For further information regarding the Village's debt, refer to Note 10 to the basic financial statements.

Contacting the Village's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Village's finances and to reflect the Village's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Krystal Hill, Fiscal Officer, Village of South Webster, 121 Sunset Blvd, South Webster, Ohio 45682.

BASIC FINANCIAL STATEMENTS

Village of South Webster
Scioto County
Statement of Net Assets - Cash Basis
December 31, 2010

	Governmental Activities	Business-Type Activity	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$115,155	\$32,044	\$147,199
Net Assets			
Restricted for Other Purposes	\$115,155	\$0	\$115,155
Unrestricted	0	32,044	32,044
<i>Total Net Assets</i>	\$115,155	\$32,044	\$147,199

See accompanying notes to the basic financial statements

Village of South Webster
Scioto County
Statement of Net Assets - Cash Basis
December 31, 2009

	Governmental Activities	Business-Type Activity	Total
Assets			
Equity in Pooled Cash and Cash Equivalents	\$108,720	\$85,518	\$194,238
Net Assets			
Restricted for Other Purposes	\$108,720	\$0	\$108,720
Unrestricted	0	85,518	85,518
<i>Total Net Assets</i>	<u>\$108,720</u>	<u>\$85,518</u>	<u>\$194,238</u>

See accompanying notes to the basic financial statements

Village of South Webster
Scioto County
Statement of Activities - Cash Basis
For the Year Ended December 31, 2010

	<u>Program Cash Receipts</u>		
	<u>Cash</u> <u>Disbursements</u>	<u>Charges</u> <u>for Services</u>	<u>Operating</u> <u>Grants</u>
Governmental Activities			
General Government	\$36,098	\$0	\$0
Security of Persons and Property	88,113	0	13,984
Public Health Services	3	0	0
Leisure Time Activities	0	4,055	0
Basic Utility Services	7,854	0	0
Transportation	16,848	0	31,763
<i>Total Governmental Activities</i>	148,916	4,055	45,747
Business-Type Activity			
Sewer	247,575	194,074	0
<i>Total Activities</i>	<u>\$396,491</u>	<u>\$198,129</u>	<u>\$45,747</u>

General Receipts

Property Taxes Levied for:
 General Purposes
 Security of Persons and Property
Grants and Entitlements not
 Restricted to Specific Programs
Interest
Miscellaneous

Total General Receipts

Change in Net Assets

Net Assets at Beginning of Year

Net Assets at End of Year

See accompanying notes to the basic financial statements

Net (Disbursements) Receipts and Changes in Net Assets

<u>Governmental Activities</u>	<u>Business-Type Activity</u>	<u>Total</u>
(\$36,098)	\$0	(\$36,098)
(74,129)	0	(74,129)
(3)	0	(3)
4,055	0	4,055
(7,854)	0	(7,854)
<u>14,915</u>	<u>0</u>	<u>14,915</u>
(99,114)	0	(99,114)
<u>0</u>	<u>(53,501)</u>	<u>(53,501)</u>
<u>(99,114)</u>	<u>(53,501)</u>	<u>(152,615)</u>
21,638	0	21,638
69,830	0	69,830
13,210	0	13,210
370	27	397
<u>501</u>	<u>0</u>	<u>501</u>
<u>105,549</u>	<u>27</u>	<u>105,576</u>
6,435	(53,474)	(47,039)
<u>108,720</u>	<u>85,518</u>	<u>194,238</u>
<u>\$115,155</u>	<u>\$32,044</u>	<u>\$147,199</u>

Village of South Webster
Scioto County
Statement of Activities - Cash Basis
For the Year Ended December 31, 2009

	Program Cash Receipts		
Cash Disbursements	Charges for Services	Operating Grants	
Governmental Activities			
General Government	\$42,931	\$618	\$0
Security of Persons and Property	55,758	0	13,561
Public Health Services	1,709	0	0
Leisure Time Activities	262	4,495	0
Basic Utility Services	8,698	0	0
Transportation	12,637	0	29,249
Capital Outlay	310	0	0
	<u>122,305</u>	<u>5,113</u>	<u>42,810</u>
Business-Type Activity			
Sewer	241,299	209,832	0
	<u>241,299</u>	<u>209,832</u>	<u>0</u>
<i>Total Activities</i>	<u>\$363,604</u>	<u>\$214,945</u>	<u>\$42,810</u>

General Receipts

Property Taxes Levied for:
 General Purposes
 Security of Persons and Property
Grants and Entitlements not
 Restricted to Specific Programs
Interest
Miscellaneous

Total General Receipts

Change in Net Assets

Net Assets at Beginning of Year

Net Assets at End of Year

See accompanying notes to the basic financial statements

Net (Disbursements) Receipts and Changes in Net Assets

<u>Governmental Activities</u>	<u>Business-Type Activity</u>	<u>Total</u>
(\$42,313)	\$0	(\$42,313)
(42,197)	0	(42,197)
(1,709)	0	(1,709)
4,233	0	4,233
(8,698)	0	(8,698)
16,612	0	16,612
<u>(310)</u>	<u>0</u>	<u>(310)</u>
(74,382)	0	(74,382)
<u>0</u>	<u>(31,467)</u>	<u>(31,467)</u>
<u>(74,382)</u>	<u>(31,467)</u>	<u>(105,849)</u>
20,960	0	20,960
67,270	0	67,270
13,084	0	13,084
383	0	383
<u>726</u>	<u>0</u>	<u>726</u>
<u>102,423</u>	<u>0</u>	<u>102,423</u>
28,041	(31,467)	(3,426)
<u>80,679</u>	<u>116,985</u>	<u>197,664</u>
<u>\$108,720</u>	<u>\$85,518</u>	<u>\$194,238</u>

Village of South Webster
Scioto County
Statement of Assets and Fund Balances - Cash Basis
Governmental Funds
December 31, 2010

	Street Construction, Maintenance and Repair Fund	Street Lights Fund	Police Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$61,276	\$19,876	\$20,619	\$13,384	\$115,155
Fund Balances					
Unreserved:					
Undesignated, Reported in:					
Special Revenue Funds	61,276	19,876	20,619	13,384	115,155
<i>Total Fund Balances</i>	<u>\$61,276</u>	<u>\$19,876</u>	<u>\$20,619</u>	<u>\$13,384</u>	<u>\$115,155</u>

See accompanying notes to the basic financial statements

Village of South Webster
Scioto County
Statement of Assets and Fund Balances - Cash Basis
Governmental Funds
December 31, 2009

	Street Construction, Maintenance and Repair Fund	Street Lights Fund	Police Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$48,506	\$20,163	\$25,540	\$14,511	\$108,720
Fund Balances					
Reserved:					
Undesignated, Reported in:					
Special Revenue Funds	48,506	20,163	25,540	14,511	108,720
<i>Total Fund Balances</i>	<u>\$48,506</u>	<u>\$20,163</u>	<u>\$25,540</u>	<u>\$14,511</u>	<u>\$108,720</u>

See accompanying notes to the basic financial statements

Village of South Webster

Scioto County

Statement of Cash Receipts, Disbursements and Changes in Fund Balances - Cash Basis

Governmental Funds

For the Year Ended December 31, 2010

	General Fund	Street Construction, Maintenance and Repair Fund	Street Lights Fund	Police Fund	Other Governmental Funds	Total Governmental Funds
Receipts						
Property Taxes	\$21,638	\$0	\$6,769	\$63,061	\$0	\$91,468
Charges for Services	0	0	0	0	3,286	3,286
Fines, Licenses and Permits	769	0	0	0	0	769
Intergovernmental	13,210	29,431	1,232	12,752	2,332	58,957
Interest	362	0	0	0	8	370
Miscellaneous	501	0	0	0	0	501
<i>Total Receipts</i>	<u>36,480</u>	<u>29,431</u>	<u>8,001</u>	<u>75,813</u>	<u>5,626</u>	<u>155,351</u>
Disbursements						
Current:						
General Government	32,629	0	166	1,702	1,601	36,098
Security of Persons and Property	0	0	8,122	79,032	959	88,113
Public Health Services	3	0	0	0	0	3
Basic Utility Services	2,836	825	0	0	4,193	7,854
Transportation	0	16,848	0	0	0	16,848
<i>Total Disbursements</i>	<u>35,468</u>	<u>17,673</u>	<u>8,288</u>	<u>80,734</u>	<u>6,753</u>	<u>148,916</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>1,012</u>	<u>11,758</u>	<u>(287)</u>	<u>(4,921)</u>	<u>(1,127)</u>	<u>6,435</u>
Other Financing Sources (Uses)						
Advance In	0	1,012	0	0	0	1,012
Advance Out	(1,012)	0	0	0	0	(1,012)
<i>Total Other Financing Sources (Uses)</i>	<u>(1,012)</u>	<u>1,012</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	0	12,770	(287)	(4,921)	(1,127)	6,435
<i>Fund Balances at Beginning of Year</i>	0	48,506	20,163	25,540	14,511	108,720
<i>Fund Balances at End of Year</i>	<u>\$0</u>	<u>\$61,276</u>	<u>\$19,876</u>	<u>\$20,619</u>	<u>\$13,384</u>	<u>\$115,155</u>

See accompanying notes to the basic financial statements

Village of South Webster
Scioto County

Statement of Cash Receipts, Disbursements and Changes in Fund Balances - Cash Basis
Governmental Funds
For the Year Ended December 31, 2009

	General Fund	Street Construction, Maintenance and Repair Fund	Street Lights Fund	Police Fund	Other Governmental Funds	Total Governmental Funds
Receipts						
Property Taxes	\$20,960	\$0	\$6,471	\$60,799	\$0	\$88,230
Charges for Services	0	0	0	0	4,495	4,495
Fines, Licenses and Permits	618	0	0	0	0	618
Intergovernmental	13,084	27,055	1,230	12,331	2,194	55,894
Interest	361	13	0	0	9	383
Miscellaneous	726	0	0	0	0	726
<i>Total Receipts</i>	<u>35,749</u>	<u>27,068</u>	<u>7,701</u>	<u>73,130</u>	<u>6,698</u>	<u>150,346</u>
Disbursements						
Current:						
General Government	37,863	0	150	2,756	2,162	42,931
Security of Persons and Property	0	0	6,817	48,509	432	55,758
Public Health Services	1,709	0	0	0	0	1,709
Leisure Time Activities	0	0	0	0	262	262
Basic Utility Services	5,103	1,100	0	0	2,496	8,699
Transportation	0	12,636	0	0	0	12,636
Capital Outlay	310	0	0	0	0	310
<i>Total Disbursements</i>	<u>44,985</u>	<u>13,736</u>	<u>6,967</u>	<u>51,265</u>	<u>5,352</u>	<u>122,305</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(9,236)</u>	<u>13,332</u>	<u>734</u>	<u>21,865</u>	<u>1,346</u>	<u>28,041</u>
Other Financing Sources (Uses)						
Transfers In	0	0	1,000	0	4,150	5,150
Transfers Out	(5,150)	0	0	0	0	(5,150)
Advance In	10,055	0	0	0	0	10,055
Advance Out	0	(10,055)	0	0	0	(10,055)
<i>Total Other Financing Sources (Uses)</i>	<u>4,905</u>	<u>(10,055)</u>	<u>1,000</u>	<u>0</u>	<u>4,150</u>	<u>0</u>
<i>Net Change in Fund Balances</i>	<u>(4,331)</u>	<u>3,277</u>	<u>1,734</u>	<u>21,865</u>	<u>5,496</u>	<u>28,041</u>
<i>Fund Balances at Beginning of Year</i>	<u>4,331</u>	<u>45,229</u>	<u>18,429</u>	<u>3,675</u>	<u>9,015</u>	<u>80,679</u>
<i>Fund Balances at End of Year</i>	<u>\$0</u>	<u>\$48,506</u>	<u>\$20,163</u>	<u>\$25,540</u>	<u>\$14,511</u>	<u>\$108,720</u>

See accompanying notes to the basic financial statements

Village of South Webster
Scioto County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Year Ended December 31, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Receipts				
Property Taxes	\$9,000	\$9,000	\$21,638	\$12,638
Fines, Licenses and Permits	100	100	769	669
Intergovernmental	7,719	7,719	13,210	5,491
Interest	100	100	362	262
Miscellaneous	6,000	6,000	501	(5,499)
<i>Total Receipts</i>	<u>22,919</u>	<u>22,919</u>	<u>36,480</u>	<u>13,561</u>
Disbursements				
Current:				
General Government	53,887	53,887	32,629	21,258
Security of Persons and Property	200	200	0	200
Public Health Services	1,900	1,900	3	1,897
Basic Utility Services	8,200	8,200	2,836	5,364
Capital Outlay	500	500	0	500
<i>Total Disbursements</i>	<u>64,687</u>	<u>64,687</u>	<u>35,468</u>	<u>29,219</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(41,768)</u>	<u>(41,768)</u>	<u>1,012</u>	<u>42,780</u>
Other Financing Uses				
Transfers Out	(5,550)	(5,550)	0	5,550
Advances Out	(600)	(600)	0	600
<i>Total Other Financing Uses</i>	<u>(6,150)</u>	<u>(6,150)</u>	<u>0</u>	<u>6,150</u>
<i>Net Change in Fund Balance</i>	(47,918)	(47,918)	1,012	48,930
<i>Fund Balance (Deficit) at Beginning of Year</i>	<u>(10,055)</u>	<u>(10,055)</u>	<u>(10,055)</u>	<u>0</u>
<i>Fund Balance (Deficit) at End of Year</i>	<u>(\$57,973)</u>	<u>(\$57,973)</u>	<u>(\$9,043)</u>	<u>\$48,930</u>

See accompanying notes to the basic financial statements

Village of South Webster
Scioto County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual (Budget Basis)
Street Construction, Maintenance and Repair Fund
For the Year Ended December 31, 2010

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Intergovernmental	\$15,496	\$15,496	\$29,431	\$13,935
Interest	100	100	0	(100)
<i>Total Receipts</i>	<u>15,596</u>	<u>15,596</u>	<u>29,431</u>	<u>13,835</u>
Disbursements				
Current:				
Basic Utility Services	5,000	5,000	825	4,175
Transportation	48,086	48,086	16,848	31,238
Capital Outlay	3,000	3,000	0	3,000
<i>Total Disbursements</i>	<u>56,086</u>	<u>56,086</u>	<u>17,673</u>	<u>38,413</u>
<i>Net Change in Fund Balance</i>	(40,490)	(40,490)	11,758	52,248
<i>Fund Balance at Beginning of Year</i>	<u>58,561</u>	<u>58,561</u>	<u>58,561</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$18,071</u>	<u>\$18,071</u>	<u>\$70,319</u>	<u>\$52,248</u>

See accompanying notes to the basic financial statements

Village of South Webster
Scioto County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual (Budget Basis)
Street Lights Fund
For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property Taxes	\$13,400	\$13,400	\$6,769	(\$6,631)
Intergovernmental	600	600	1,232	632
<i>Total Receipts</i>	14,000	14,000	8,001	(5,999)
Disbursements				
Current:				
General Government	100	100	166	(66)
Security of Persons and Property	14,402	14,402	8,122	6,280
<i>Total Disbursements</i>	14,502	14,502	8,288	6,214
<i>Net Change in Fund Balance</i>	(502)	(502)	(287)	215
<i>Fund Balance at Beginning of Year</i>	20,163	20,163	20,163	0
<i>Fund Balance at End of Year</i>	\$19,661	\$19,661	\$19,876	\$215

See accompanying notes to the basic financial statements

Village of South Webster
Scioto County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual (Budget Basis)
Police Fund
For the Year Ended December 31, 2010

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property Taxes	\$75,000	\$75,000	\$63,061	(\$11,939)
Intergovernmental	0	0	12,752	12,752
<i>Total Receipts</i>	<u>75,000</u>	<u>75,000</u>	<u>75,813</u>	<u>813</u>
Disbursements				
Current:				
General Government	100	100	1,702	(1,602)
Security of Persons and Property	86,682	86,682	79,032	7,650
<i>Total Disbursements</i>	<u>86,782</u>	<u>86,782</u>	<u>80,734</u>	<u>6,048</u>
<i>Net Change in Fund Balance</i>	(11,782)	(11,782)	(4,921)	6,861
<i>Fund Balance at Beginning of Year</i>	<u>25,540</u>	<u>25,540</u>	<u>25,540</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$13,758</u></u>	<u><u>\$13,758</u></u>	<u><u>\$20,619</u></u>	<u><u>\$6,861</u></u>

See accompanying notes to the basic financial statements

Village of South Webster
Scioto County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Year Ended December 31, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with
	<u>Original</u>	<u>Final</u>		Final Budget Positive (Negative)
Receipts				
Property Taxes	\$15,900	\$15,900	\$20,960	\$5,060
Fines, Licenses and Permits	100	100	618	518
Intergovernmental	4,857	4,857	13,084	8,227
Interest	500	500	361	(139)
Miscellaneous	4,884	4,884	726	(4,158)
<i>Total Receipts</i>	<u>26,241</u>	<u>26,241</u>	<u>35,749</u>	<u>9,508</u>
Disbursements				
Current:				
General Government	68,237	68,237	37,863	30,374
Security of Persons and Property	800	800	0	800
Public Health Services	10,540	10,540	1,709	8,831
Basic Utility Services	8,000	8,000	5,103	2,897
Capital Outlay	1,500	1,500	310	1,190
<i>Total Disbursements</i>	<u>89,077</u>	<u>89,077</u>	<u>44,985</u>	<u>44,092</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(62,836)</u>	<u>(62,836)</u>	<u>(9,236)</u>	<u>53,600</u>
Other Financing Uses				
Transfers Out	(5,531)	(5,531)	(5,150)	381
Advances Out	(600)	(600)	0	600
<i>Total Other Financing Uses</i>	<u>(6,131)</u>	<u>(6,131)</u>	<u>(5,150)</u>	<u>981</u>
<i>Net Change in Fund Balance</i>	<u>(68,967)</u>	<u>(68,967)</u>	<u>(14,386)</u>	<u>54,581</u>
<i>Fund Balance at Beginning of Year</i>	3,994	3,994	3,994	0
Prior Year Encumbrances Appropriated	337	337	337	0
<i>Fund Balance (Deficit) at End of Year</i>	<u>(\$64,636)</u>	<u>(\$64,636)</u>	<u>(\$10,055)</u>	<u>\$54,581</u>

See accompanying notes to the basic financial statements

Village of South Webster
Scioto County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual (Budget Basis)
Street Construction, Maintenance and Repair Fund
For the Year Ended December 31, 2009

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Receipts				
Intergovernmental	\$15,544	\$15,544	\$27,055	\$11,511
Interest	100	100	13	(87)
<i>Total Receipts</i>	<u>15,644</u>	<u>15,644</u>	<u>27,068</u>	<u>11,424</u>
Disbursements				
Current:				
Basic Utility Services	1,000	1,000	1,100	(100)
Transportation	21,860	21,860	12,636	9,224
Capital Outlay	1,000	1,000	0	1,000
<i>Total Disbursements</i>	<u>23,860</u>	<u>23,860</u>	<u>13,736</u>	<u>10,124</u>
<i>Net Change in Fund Balance</i>	(8,216)	(8,216)	13,332	21,548
<i>Fund Balance at Beginning of Year</i>	44,727	44,727	44,727	0
Prior Year Encumbrances Appropriated	<u>502</u>	<u>502</u>	<u>502</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u>\$37,013</u>	<u>\$37,013</u>	<u>\$58,561</u>	<u>\$21,548</u>

See accompanying notes to the basic financial statements

Village of South Webster
Scioto County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual (Budget Basis)
Street Lights Fund
For the Year Ended December 31, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property Taxes	\$14,000	\$14,000	\$6,471	(\$7,529)
Intergovernmental	0	0	1,230	1,230
<i>Total Receipts</i>	14,000	14,000	7,701	(6,299)
Disbursements				
Current:				
General Government	7,447	7,447	150	7,297
Security of Persons and Property	10,000	10,000	6,817	3,183
<i>Total Disbursements</i>	17,447	17,447	6,967	10,480
<i>Excess of Receipts Over (Under) Disbursements</i>	(3,447)	(3,447)	734	4,181
Other Financing Sources				
Transfers In	0	0	1,000	1,000
<i>Net Change in Fund Balance</i>	(3,447)	(3,447)	1,734	5,181
<i>Fund Balance at Beginning of Year</i>	18,429	18,429	18,429	0
<i>Fund Balance at End of Year</i>	\$14,982	\$14,982	\$20,163	\$5,181

See accompanying notes to the basic financial statements

Village of South Webster
Scioto County
Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual (Budget Basis)
Police Fund
For the Year Ended December 31, 2009

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Receipts				
Property Taxes	\$76,000	\$76,000	\$60,799	(\$15,201)
Intergovernmental	0	0	12,331	12,331
<i>Total Receipts</i>	<u>76,000</u>	<u>76,000</u>	<u>73,130</u>	<u>(2,870)</u>
Disbursements				
Current:				
General Government	1,228	1,228	2,756	(1,528)
Security of Persons and Property	3,500	77,000	48,509	28,491
<i>Total Disbursements</i>	<u>4,728</u>	<u>78,228</u>	<u>51,265</u>	<u>26,963</u>
<i>Net Change in Fund Balance</i>	71,272	(2,228)	21,865	24,093
<i>Fund Balance at Beginning of Year</i>	<u>3,675</u>	<u>3,675</u>	<u>3,675</u>	<u>0</u>
<i>Fund Balance at End of Year</i>	<u><u>\$74,947</u></u>	<u><u>\$1,447</u></u>	<u><u>\$25,540</u></u>	<u><u>\$24,093</u></u>

See accompanying notes to the basic financial statements

Village of South Webster
Scioto County
Statement of Fund Net Assets - Cash Basis
Proprietary Funds
December 31, 2010

	Enterprise Funds		Total
	Sewer Fund	Nonmajor Fund	
Assets			
Equity in Pooled Cash and Cash Equivalents	\$25,711	\$6,333	\$32,044
Net Assets			
Unrestricted	\$25,711	\$6,333	\$32,044

See accompanying notes to the basic financial statements

Village of South Webster
Scioto County
Statement of Fund Net Assets - Cash Basis
Proprietary Funds
December 31, 2009

	Enterprise Funds		Total
	Sewer Fund	Nonmajor Fund	
Assets			
Equity in Pooled Cash and Cash Equivalents	\$77,785	\$7,733	\$85,518
Net Assets			
Unrestricted	\$77,785	\$7,733	\$85,518

See accompanying notes to the basic financial statements

Village of South Webster
Scioto County
Statement of Cash Receipts, Disbursements and
Changes in Fund Net Assets - Cash Basis
Proprietary Funds
For the Year Ended December 31, 2010

	Enterprise Funds		
	Sewer Fund	Nonmajor Fund	Total
Operating Receipts			
Charges for Services	\$174,135	\$0	\$174,135
Special Assessments	20,268	0	20,268
<i>Total Operating Receipts</i>	<u>194,403</u>	<u>0</u>	<u>194,403</u>
Operating Disbursements			
Personal Services	10,286	0	10,286
Fringe Benefits	1,250	0	1,250
Contractual Services	91,392	1,400	92,792
Materials and Supplies	34,123	0	34,123
Other	7,043	0	7,043
<i>Total Operating Disbursements</i>	<u>144,094</u>	<u>1,400</u>	<u>145,494</u>
<i>Operating Income (Loss)</i>	<u>50,309</u>	<u>(1,400)</u>	<u>48,909</u>
Non-Operating Receipts (Disbursements)			
Interest	27	0	27
Debt Service Principal	(102,410)	0	(102,410)
<i>Total Non-Operating Receipts (Disbursements)</i>	<u>(102,383)</u>	<u>0</u>	<u>(102,383)</u>
<i>Change in Net Assets</i>	(52,074)	(1,400)	(53,474)
<i>Net Assets at Beginning of Year</i>	<u>77,785</u>	<u>7,733</u>	<u>85,518</u>
<i>Net Assets at End of Year</i>	<u><u>\$25,711</u></u>	<u><u>\$6,333</u></u>	<u><u>\$32,044</u></u>

See accompanying notes to the basic financial statements

Village of South Webster
Scioto County
Statement of Cash Receipts, Disbursements and
Changes in Fund Net Assets - Cash Basis
Proprietary Funds
For the Year Ended December 31, 2009

	Enterprise Funds		Total
	Sewer Fund	Nonmajor Fund	
Operating Receipts			
Charges for Services	\$178,114	\$0	\$178,114
Special Assessments	31,718	0	31,718
<i>Total Operating Receipts</i>	<u>209,832</u>	<u>0</u>	<u>209,832</u>
Operating Disbursements			
Personal Services	8,307	0	8,307
Fringe Benefits	1,024	0	1,024
Contractual Services	83,037	0	83,037
Materials and Supplies	37,801	0	37,801
Other	8,720	0	8,720
<i>Total Operating Disbursements</i>	<u>138,889</u>	<u>0</u>	<u>138,889</u>
<i>Operating Income</i>	70,943	0	70,943
Non-Operating Disbursements			
Debt Service Principal	(102,410)	0	(102,410)
<i>Change in Net Assets</i>	(31,467)	0	(31,467)
<i>Net Assets at Beginning of Year</i>	<u>109,252</u>	<u>7,733</u>	<u>116,985</u>
<i>Net Assets at End of Year</i>	<u><u>\$77,785</u></u>	<u><u>\$7,733</u></u>	<u><u>\$85,518</u></u>

See accompanying notes to the basic financial statements

Village of South Webster
Scioto County

Notes to the Basic Financial Statements
For the Years Ended December 31, 2010 and December 31, 2009

Note 1 – Reporting Entity

The Village of South Webster, Scioto County, Ohio (the Village), is a body politic and corporate established to exercise the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The Village is directed by a six-member Council elected at large for four year terms. The Mayor is elected to a four-year term, serves as the President of Council and votes only to break a tie.

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

Primary Government

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Village. The Village provides general government services, sewer utilities, maintenance of Village roads and bridges, and deputy sheriff patrols.

Component Units

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

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

Note 2 – Summary of Significant Accounting Policies

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

Village of South Webster
Scioto County

Notes to the Basic Financial Statements
For the Years Ended December 31, 2010 and December 31, 2009

Note 2 – Summary of Significant Accounting Policies (continued)

Basis of Presentation

The Village's basic financial statements consist of government-wide financial statements, including a Statement of Net Assets and a Statement of Activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements

The Statement of Net Assets and the Statement of Activities display information about the Village as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statements distinguish between those activities of the Village that are governmental and those that are considered business-type. Governmental activities generally are financed through taxes, intergovernmental receipts or other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties for goods or services.

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

Fund Financial Statements

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

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

Fund Accounting

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

Village of South Webster
Scioto County

Notes to the Basic Financial Statements
For the Years Ended December 31, 2010 and December 31, 2009

Note 2 – Summary of Significant Accounting Policies (continued)

Governmental Funds

The Village classifies funds financed primarily from taxes, intergovernmental receipts (e.g., grants), and other nonexchange transactions as governmental funds. The Village's major governmental funds are the General Fund, the Street Construction, Maintenance and Repair Fund, the Street Lights Fund, and the Police Fund.

General Fund – The General Fund is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Village for any purpose provided it is expended or transferred according to the general laws of Ohio. In 2010 and 2009, the General Fund ending balance was negative. Therefore, an advance was made in 2009 from the Street Construction, Maintenance and Repair Fund to the General Fund to bring the fund balance to zero. See Note 11.

Street Construction, Maintenance and Repair Fund – The Street Construction, Maintenance and Repair Fund is required by the Ohio Revised Code to account for State gasoline tax and motor vehicle registration fees designated for maintenance of streets within the Village.

Street Lights Fund – The Street Lights Fund is used to account for property tax receipts used for the repair and erection of Village street lights.

Police Fund – The Police Fund is used to account for property tax levy receipts which are used to provide additional patrols by the Sheriff's department.

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

Proprietary Funds

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

Enterprise Funds – Enterprise funds may be used to account for any activity for which a fee is charged to external users for goods or services. The Village's major enterprise fund is the sewer fund.

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

The non-major enterprise fund of the Village is used to account for monies used for capital improvements of the sanitary sewer services facilities.

Village of South Webster
Scioto County

Notes to the Basic Financial Statements
For the Years Ended December 31, 2010 and December 31, 2009

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 Village's own programs. Agency funds are purely custodial in nature and are used to hold resources for individuals, organizations or other governments. The Village has no fiduciary funds.

Basis of Accounting

The Village's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the Village's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

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

Budgetary Process

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

The appropriations ordinance is the Village Council's authorization to spend resources and sets limits on cash disbursements plus encumbrances at the level of control selected by the Village Council. The legal level of control has been established at the fund, department, and object 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 Village Clerk. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the Village Council.

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

Village of South Webster
Scioto County

Notes to the Basic Financial Statements
For the Years Ended December 31, 2010 and December 31, 2009

Note 2 – Summary of Significant Accounting Policies (continued)

Cash and Investments

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

Interest earnings are allocated to Village funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2009 was \$361, which includes \$241 assigned from other Village funds. Interest receipts credited to the General Fund during 2010 was \$362, which includes \$330 assigned from other Village funds.

Inventory and Prepaid Items

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

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.

Employer Contributions to Cost-Sharing Pension Plans

The Village recognizes the disbursement for their employer contributions to a cost-sharing pension plan when they are paid. As described in Notes 8 and 9, the employer contributions include portions for pension benefits and for postretirement health care benefits.

Long-Term Obligations

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

Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include resources restricted for the maintenance of streets and State highways within the Village, Village street lights, additional patrols by the Sheriff’s department, and maintenance of the park gazebo.

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

Village of South Webster
Scioto County

Notes to the Basic Financial Statements
For the Years Ended December 31, 2010 and December 31, 2009

Note 3 – 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 (Budget Basis) presented for the General Fund and the Street Construction, Maintenance and Repair, the Street Lights, and the Police major special revenue funds 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 in 2010 in the General Fund and the Street Construction, Maintenance and Repair Fund is an advance made to the Street Construction, Maintenance and Repair Fund to repay part of an advance made to the General Fund in 2009. The difference between the budgetary basis and the cash basis in 2009 in the General Fund and the Street Construction, Maintenance and Repair Fund is an advance made to the General Fund from the Street Construction, Maintenance and Repair Fund to cover a negative fund balance in the General Fund.

Note 4 – Compliance

Contrary to Ohio Rev. Code Section 5705.41 (B), in 2010, Village made disbursements in excess of appropriations in the Street Lights Fund and the Police Fund. In 2009, the Village made disbursements in excess of appropriations in the Street Construction, Maintenance, and Repair Fund and the Police Fund.

Contrary to Ohio Rev. Code Section 5705.39, the Village made original and final appropriations in excess of the original and final total estimated resources available for appropriation in the General Fund in 2010 and 2009.

Ohio Rev. Code Section 5705.10(H) states that money paid into any fund shall be used only for the purposes for which such fund is established. As a result, a negative fund balance indicates that money from one fund was used to cover the expenses of another fund. The General Fund had negative fund balances for 2010 and 2009 of \$7,734 and \$8,746, respectively. In 2009, an advance was made from the Street Construction, Maintenance and Repair Fund to the General Fund to cover the deficit fund balance of \$8,746. In 2010, an advance was made from the General Fund in the amount of \$1,012 to the Street Construction, Maintenance and Repair Fund to repay part of the advance made to the General Fund in 2009. These advances brought the General Fund balance to zero in the Statement of Cash Receipts, Disbursements and Changes in Fund Balances – Cash Basis for the Governmental Funds for both years. The General Fund was not reported on the balance sheet in either year.

Note 5 – Deposits and Investments

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

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

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

Village of South Webster
Scioto County

Notes to the Basic Financial Statements
For the Years Ended December 31, 2010 and December 31, 2009

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 Village can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and the term of the agreement must not exceed 30 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; and
7. The State Treasurer's investment pool (STAROhio).

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

Village of South Webster
Scioto County

Notes to the Basic Financial Statements
For the Years Ended December 31, 2010 and December 31, 2009

Note 6 – Property Taxes

Property taxes include amounts levied against all real property, public utility property, and tangible personal property (used in business) located in the Village. Real property tax receipts received in 2010 for real and public utility property taxes represent the collection of 2009 taxes. Property tax payments received during 2010 for tangible personal property (other than public utility property) are for 2010 taxes.

2010 real property taxes are levied after October 1, 2010, on the assessed values as of January 1, 2010, the lien date. Assessed values are established by State statute at 35 percent of appraised market value. 2010 real property taxes are collected in and intended to finance 2011.

Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at 35 percent of true value. 2010 public utility property taxes became a lien December 31, 2009, are levied after October 1, 2010, and are collected in 2011 with real property taxes.

Tangible personal property tax receipts received in 2010 (other than public utility property tax) represent the collection of 2010 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. Tangible personal property taxes received from telephone companies in 2010 were levied after October 1, 2009, on the true value as of December 31, 2009. Tangible personal property taxes from telephone companies will no longer be levied and collected after 2010.

Tangible personal property taxes 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.

The full tax rate for all Village operations for the years ended December 31, 2009 and December 31, 2010 was \$13.80 and \$4.80 per \$1,000 of assessed value, respectively. The assessed values of real property, public utility property, and tangible personal property upon which 2009 and 2010 property tax receipts were based are as follows:

<u>Category</u>	<u>2009</u> <u>Assessed Value</u>	<u>2010</u> <u>Assessed Value</u>
Real Property:		
Agricultural/Residential	\$6,388,080	\$6,381,030
Commercial/Industrial	1,250,300	1,250,260
Tangible Personal Property:		
General Business	15,430	7,270
Public Utility	429,030	461,940
Total Property Taxes	<u>\$8,082,840</u>	<u>\$8,100,500</u>

Village of South Webster
Scioto County

Notes to the Basic Financial Statements
For the Years Ended December 31, 2010 and December 31, 2009

Note 7 – Risk Management

The Village is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Village maintains comprehensive insurance coverage through the Ohio Government Risk Management Plan, a risk sharing pool, for building contents, vehicles, general liability, public official and employee dishonesty liability. Premiums are paid to Kinder's Insurance Agency, LTD. Settlements have not exceeded coverage in any of the last three years. There has not been a significant reduction in coverage from the prior year.

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

Note 8 – Defined Benefit Pension Plan

Ohio Public Employees Retirement System

Plan Description – The Village participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The Traditional Pension 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. Under the Combined Plan, OPERS invests employer contributions to provide a formula retirement benefit similar in nature to, but less than, the Traditional Pension Plan benefit. Member contributions, the investment of which is self-directed by the members, accumulate retirement assets in a manner similar to the Member-Directed Plan.

OPERS provides retirement, disability, and survivor and death benefits and annual cost-of-living adjustments to members of the Traditional Pension 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. Interested parties may obtain a copy by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy – The Ohio Revised Code provides statutory authority for member and employer contributions and currently limits the employer contribution to a rate not to exceed 14.0 percent of covered payroll for State and local employer units and 18.1 percent of covered payroll for law enforcement and public safety employer units. Member contribution rates, as set in the Ohio revised Code, are not to exceed 10.0 percent. For the year ended December 31, 2010, members in State and local classifications contributed 10.0 percent of covered payroll and public safety and law enforcement members contributed 10.5 percent and 11.1 percent, respectively. While members in the State and local divisions may participate in all three plans, law enforcement and public safety divisions exist only within the Traditional Pension Plan. For 2010, member and employer contribution rates were consistent across all three plans.

Village of South Webster
Scioto County

Notes to the Basic Financial Statements
For the Years Ended December 31, 2010 and December 31, 2009

Note 8 – Defined Benefit Pension Plan (continued)

The Village's contribution rate for 2010 and 2009 was 14.0 percent. The portion of employer contributions used to fund pension benefits is net of post-employment health care benefits. For 2010, the portion of employer contributions allocated to health care for members in the Traditional Plan was 5.5 percent from January 1 through February 28, 2010, and five percent from March 1 through December 31, 2010. The portion of employer contributions allocated to health care for members in the Combined Plan was 4.73 percent from January 1 through February 28, 2010, and 4.23 percent from March 1 through December 31, 2010. For 2009, the portion of employer contribution allocated for post-employment health care was 7.0 percent from January 1 through March 31, 2009, and 5.5 percent from April 1 through December 31, 2009.

Employer contribution rates were actuarially determined.

The Village's required contributions for pension obligations to the Traditional Pension and Combined Plans for the years ended December 31, 2010, 2009 and 2008, were \$2,233, 1,932, and \$1,350, respectively; 100 percent has been contributed for all years. No contributions to the Member-Directed Plan were made during 2010 or 2009.

Note 9 – Post-employment Benefits

Ohio Public Employees Retirement System

Plan Description – Ohio Public Employees Retirement System (OPERS) administers three separate pension plans: the Traditional Pension Plan – a cost-sharing, multiple-employer defined 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 health care plan for 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. The plan includes a medical plan, prescription drug program and Medicare Part B premium reimbursement.

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 Ohio Revised Code permits, but does not mandate, OPERS to provide health care benefits to its eligible members and beneficiaries. Authority to establish and amend benefits is provided in Chapter 145 of the Ohio Revised Code.

Disclosures for the health care plan are presented separately in the OPERS financial report which may be obtained by writing to OPERS, 277 East Town Street, Columbus, Ohio 43215-4642, or by calling (614) 222-5601 or (800) 222-7377.

Funding Policy – The post-employment health care plan was established under, and is administrated in accordance with, Internal Revenue Code 401(h). The Ohio Revised Code provides the statutory authority requiring public employers fund post-retirement health care through contributions to OPERS. A portion of each employer's contribution to OPERS is set aside for the funding of post-retirement health care.

Village of South Webster
Scioto County

Notes to the Basic Financial Statements
For the Years Ended December 31, 2010 and December 31, 2009

Note 9 – Post-employment Benefits (continued)

Employer contribution rates are expressed as a percentage of the covered payroll of active members. In 2010, State and local employers contributed at a rate of 14.0 percent of covered payroll, and public safety and law enforcement employers contributed at 17.87 percent. 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 and 18.1 percent of covered payroll for law and public safety employer units.

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 for members in the Traditional Plan was 5.5 percent from January 1 through February 28, 2010, and five percent from March 1 through December 31, 2010. The portion of employer contributions allocated to health care for members in the Combined Plan was 4.73 percent from January 1 through February 28, 2010, and 4.23 percent from March 1 through December 31, 2010.

The OPERS Retirement Board is also authorized to establish rules for the payment of a portion of the health care benefits provided, by the retiree or their surviving beneficiaries. Payment amounts vary depending on the number of covered dependents and the coverage selected. Active members do not make contributions to the post-employment health care plan.

The Village’s contributions allocated to fund post-employment health care benefits for the years ended December 31, 2010, 2009, and 2008 were \$1,240, \$1,250, and \$1,350, respectively; 100 percent has been contributed for all years.

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 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.

Note 10 – Debt

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

	Principal Outstanding 12/31/08	Additions	Deductions	Principal Outstanding 12/31/09	Amounts Due Within One Year
<u>Business-Type Activity:</u>					
2003 OWDA Loan 0%					
Original Issue (\$3,072,307)	\$2,509,051	\$0	\$102,410	\$2,406,641	\$102,410

Village of South Webster
Scioto County

Notes to the Basic Financial Statements
For the Years Ended December 31, 2010 and December 31, 2009

Note 10 – Debt (continued)

The Village’s long-term debt activity for the year ended December 31, 2010, was as follows:

	Principal Outstanding 12/31/09	Additions	Deductions	Principal Outstanding 12/31/10	Amounts Due Within One Year
<u>Business-Type Activity:</u>					
2003 OWDA Loan 0%					
Original Issue (\$3,072,307)	\$2,406,641	\$0	\$102,410	\$2,304,231	\$102,410

The 2003 Ohio Water Development Authority (OWDA) Loan relates to the construction of a sewer treatment facility. The loan will be repaid in semiannual installments over 30 years. There is no interest on the loan.

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

<u>Business-Type Activity</u>	
<u>Year</u>	<u>Sewer OWDA Loan Principal</u>
2011	\$102,410
2012	102,410
2013	102,410
2014	102,410
2015	102,410
2016-2020	512,050
2021-2025	512,050
2026-2030	512,050
2031-2033	256,031
Totals	<u>\$2,304,231</u>

**Village of South Webster
Scioto County**

*Notes to the Basic Financial Statements
For the Years Ended December 31, 2010 and December 31, 2009*

Note 11 – Interfund Activity

The interfund activity for the year ended December 31, 2009 is as follows:

		Transfers From
		<u>General</u>
Transfers To	Street Lights Fund	\$1,000
	Other Governmental Funds	<u>4,150</u>
	Total	<u><u>\$5,150</u></u>

During 2009, the General Fund made a transfer to the Street Lights Fund for \$1,000, the Senior Citizens' Building Fund of \$4,000 and to the Gazebo Fund for \$150.

		Advances From
		<u>General</u>
Advances To	Street Construction, Maintenance and Repair Fund	<u>\$1,012</u>

During 2010, the General Fund made an advance to the Street Construction, Maintenance and Repair Fund to repay part of the advance made to the General Fund in 2009.

		Advances From
		Street Construction, Maintenance and Repair Fund
Advances To	General	<u><u>\$10,055</u></u>

During 2009, the Street Construction, Maintenance and Repair Fund made an advance to the General Fund to cover a negative cash fund balance in the General Fund.

Village of South Webster
Scioto County

Notes to the Basic Financial Statements
For the Years Ended December 31, 2010 and December 31, 2009

Note 12 – Contingent Liabilities

A. Litigation

The Village is not currently party to any legal proceedings.

B. Federal and State Grants

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

Note 13 – Change in Basis of Accounting

The Village has elected to present its financial statements in a format consistent with Governmental Accounting Standards Board (GASB) Statements No. 34, 37 and 38, “*Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments.*” These statements create and amend new basic financial statements and note disclosure for reporting on the Village’s financial activities. The financial statements now include government-wide financial statements and fund financial statements which present information for individual major funds rather than by fund type. Non-major funds are presented in total in one column. GASB Statement No. 34 requires GAAP reporting; however, the Village presented “look alike” statements on the cash basis of accounting.

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

October 31, 2012

Village of South Webster
Scioto County
P.O. Box 38
South Webster, Ohio 45682

To the Village Council:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the **Village of South Webster**, Scioto County, Ohio (the Village) as of and for the years ended December 31, 2010 and 2009, which collectively comprise the Village's basic financial statements and have issued our report thereon dated October 31, 2012, wherein we qualified our opinion because we are unable to satisfy ourselves to the completeness, occurrence, allocation, and rights and obligations of the charges for services recorded in the Sewage Operations Fund, an Enterprise Fund and a Business-Type Activity. Also, we noted the Village uses a comprehensive accounting basis other than generally accepted accounting principles and has adopted Governmental Accounting Standards Board Statement No. 34. Except as discussed above, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A material weakness is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Village's financial statements will not be prevented, or detected and timely corrected. We consider findings 2010-001 through 2010-005 as described in the accompanying schedule of audit findings to be material weaknesses.

Compliance and Other Matters

As part of reasonably assuring whether the Village's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matter we must report under *Government Auditing Standards* which are described in the accompanying schedule of audit findings as item 2010-006.

We also noted certain matters not requiring inclusion in this report that we reported to the Village's management in a separate letter dated October 31, 2012.

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

Respectfully Submitted,

A handwritten signature in cursive script that reads "Perry & Associates CPAs A.C.".

Perry and Associates
Certified Public Accountants, A.C.

**VILLAGE OF SOUTH WEBSTER
SCIOTO COUNTY**

**SCHEDULE OF AUDIT FINDINGS
DECEMBER 31, 2010 AND 2009**

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

FINDING NUMBER 2010-001

Noncompliance / Material Weakness

Posting Receipts and Expenditures

Receipts and expenditures should be posted to the fund and line item accounts as established by Ohio Administrative Code.

During 2010 and 2009, several receipts and expenditures were not posted to accurate classifications based on the source of the receipt or expenditure. The following posting errors were noted:

- Intergovernmental revenue was recorded as property tax in 2010 and 2009
- All state revenue was received in the Village's bank accounts but was not recorded in the financial accounting system in the first half of 2009
- Property Tax revenue was recorded at net, not gross

Based on these errors, the Village was not reconciled at year-end 2010 or 2009.

These errors caused a significant number of adjusting entries and reclassifications for 2010 and 2009, which management has agreed to and recorded. The accompanying financial statements reflect all adjustments and reclassifications.

To help ensure accuracy and reliability in the financial reporting process, we recommend that management review both revenue and disbursement items. Such review should include procedures to ensure that all sources of revenues and expenditures are properly identified and classified on the financial statements. Management should review the bank reconciliations monthly to make sure all transactions are being recorded and no unexplained differences or long outstanding items exist.

We recommend the Fiscal Officer refer to Ohio Administrative Code and/or the Ohio Village Handbook for guidance to determine the proper establishment of receipt and expenditure accounts and posting of receipts and expenditures. We also recommend the Fiscal Officer reconcile bank balances to the Village's book balance at the end of each month and provide this to Council to review and approve.

Management's Response – We did not receive a response from officials to this finding.

**VILLAGE OF SOUTH WEBSTER
SCIOTO COUNTY**

**SCHEDULE OF AUDIT FINDINGS (CONTINUED)
DECEMBER 31, 2010 AND 2009**

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

FINDING NUMBER 2010-002

Material Weakness

Bank Reconciliations

The Fiscal Officer did not prepare accurate monthly reconciliations of bank balances to book balances. Outstanding checks, deposits in transit and other reconciling items were not detailed to enable a proper reconciliation to be performed. The lack of proper reconciliations among the bank statements, cashbook and ledgers resulted in numerous errors which remained undetected and/or uncorrected until the audit. The extensive problems with these reconciliations resulted in the need for the Village to obtain from the Auditor of State's office detailed proofs of cash for each month and a reconstruction of the cash book for the entire audit period.

We recommend the Fiscal Officer prepare detailed bank reconciliations that include all bank account balances being reconciled to total fund balances. Copies of bank reconciliations should be presented to the Village Council for the Council's review, approval, and use in managing the Village. The Fiscal Officer should reconcile activity entered in the receipts ledger and appropriations ledger to the cashbook.

Management's Response – We did not receive a response from officials to this finding.

FINDING NUMBER 2010-003

Material Weakness

Internal Controls

The Village did not have an adequate system of internal controls. Examples include:

- Several checks were written manually
- Checks were signed by only one signatory
- A check outstanding since 2005 and several outstanding since 2006 carried on the outstanding checks list
- Multiple voided checks maintained in the Village records and not marked void on their faces
- Several UAN receipt amounts and vendors did not correspond to the revenue ledger

We recommend that the Village address each of the above noted control weaknesses. This will help Council effectively monitor the Village's financial position and will aid in the timely detection of errors or irregularities. In addition, Council should monitor the Village's legal compliance, financial condition, and controls over the safeguarding of assets. They should review the Village books, review the bank reconciliations and perform other such duties as are deemed to be necessary.

Management's Response – We did not receive a response from officials to this finding.

**VILLAGE OF SOUTH WEBSTER
SCIOTO COUNTY**

**SCHEDULE OF AUDIT FINDINGS (CONTINUED)
DECEMBER 31, 2010 AND 2009**

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

FINDING NUMBER 2010-004

Material Weakness

Billing Service Reconciliations

The Village should establish a formal reconciliation for utility transactions being billed and collected by the outside service organization. There was no evidence presented for audit that any type of reconciliation was being performed to the billings and receipts reported by the service organization. Without a formal reconciliation process, the probability of detecting unrecorded receipts or uncollected revenues is reduced. Because a proper reconciliation was not performed, we were unable to satisfy ourselves to the completeness, occurrence, allocation, and rights and obligations of the charges for service receipts. A formal reconciling procedure should be established that would check that all usage has been billed, that the billing rates are correct, and that proper collections are being made and turned over to the Village.

Management's Response – We did not receive a response from officials to this finding.

FINDING NUMBER 2010-005

Material Weakness

Billing Service

The Village has delegated utility billing processing and collecting, which is a significant accounting function, to a billing agency. The Village has not established procedures to reasonably determine that utility billings have been completely and accurately processed and collected in accordance with the utility billing contract.

The Village should implement procedures to reasonably assure the completeness, and accuracy of utility billing and collecting processed by their billing agency. Statement on Auditing Standards No. 70 (SAS 70) prescribes testing and reporting standards for audits of bill processing controls which should satisfy this requirement. As described in that Statement, we suggest that the Village obtain a "Report on Policies and Procedures Placed in Operation and Tests of Operating Effectiveness" from the billing agency. Such a report, if unqualified, would provide evidence to the Village's management that utility billing and collecting were being processed in conformance with the contract.

We also recommend that the Village specify in their contract with the third party administrator that an annual SAS 70 audit report be performed. The Village should be provided a copy of the report timely and should review the report's content. A SAS 70 audit report should be conducted in accordance with American Institute of Certified Public Accountants' (AICPA) standards by a firm registered and considered in "good standing" with the Accountancy Board of the respective State. If the third-party administrator refuses to provide you with a SAS 70 report, we recommend you only contract with a third-party administrator that will provide such a report.

Management's Response – We did not receive a response from officials to this finding.

**VILLAGE OF SOUTH WEBSTER
SCIOTO COUNTY**

**SCHEDULE OF AUDIT FINDINGS (CONTINUED)
DECEMBER 31, 2010 AND 2009**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2010-006

Noncompliance

Ohio Revised Code Section 5705.41(D) requires that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless a certificate signed by the clerk/treasurer is attached thereto. The clerk/treasurer must certify that the amount required meeting any such contract or expenditure has been lawfully appropriated and is in the treasury, or is in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Only the subdivision's fiscal officer need sign the certificate. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon

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

1. "Then and Now" certificate - If the fiscal officer can certify that both at the time that the contract or order was made ("then"), and at the time that the fiscal officer is completing the certification ("now"), that sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority can authorize the drawing of a warrant for the payment of the amount due. The taxing authority has thirty days from the receipt of the "then and now" certificate to approve payment by ordinance or resolution. Amounts of less than \$3,000 may be paid by the fiscal officer without a resolution or ordinance upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority.
2. Blanket Certificate – Fiscal officers may prepare "blanket" certificates for a certain sum of money not in excess of an amount established by resolution or ordinance adopted by a majority of the members of the legislative authority against any specific line item account over a period not running beyond the end of the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.
3. Super Blanket Certificate – The entity may also make expenditures and contracts for any amount from a specific line-item appropriation account in a specified fund upon certification of the fiscal officer for most professional services, fuel, oil, food items, and any other specific recurring and reasonably predictable operating expense. This certification is not to extend beyond the current year. Only one super blanket certificate may be outstanding at a particular time for any one line-item appropriation

The Village did not properly certify the availability of funds prior to purchase commitment for 85%, or 22 of 26, of the expenditures tested during 2010 and 93%, or 26 of 28, of the expenditures tested during 2009, and there was no evidence that the Village followed the aforementioned exceptions. The Clerk/Treasurer's certification is not only required by Ohio law, but is also a key control in the disbursements process. Failure to obtain proper certification of funds could result in disbursements being made without adequate current resources being available.

**VILLAGE OF SOUTH WEBSTER
SCIOTO COUNTY**

**SCHEDULE OF AUDIT FINDINGS (CONTINUED)
DECEMBER 31, 2010 AND 2009**

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

FINDING NUMBER 2010-006 (Continued)

Noncompliance (Continued)

To improve controls over disbursements and to help reduce the possibility of the Village's funds exceeding budgetary spending limitations, we recommend that the Clerk/Treasurer certify that the funds are or will be available prior to an obligation being incurred by the Village. Unless the exceptions noted above are used, prior certification is not only required by statute but is a key control in the disbursement process to assure that purchase commitments receive prior approval. When prior certification is not possible, "then and now" certification should be used.

Management's Response – We did not receive a response from officials to this finding.

**VILLAGE OF SOUTH WEBSTER
SCIOTO COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
DECEMBER 31, 2010 AND 2009**

	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2008-001	Ohio Revised Code 121.22 and 149.43 – Accurate Minute Records	Yes	Corrected
2008-002	Ohio Revised Code 145.47 – PERS contributions	Yes	Corrected
2008-003	26 CFR 1.6041-2 – 1099 Forms	Yes	Corrected
2008-004	Posting Receipts and Expenditures	No	Repeated as finding 2010-001
2008-005	Bank Reconciliations	No	Repeated as finding 2010-002
2008-006	Internal Controls	No	Repeated as finding 2010-003
2008-007	Billing service reconciliations	No	Repeated as finding 2010-004
2008-008	Lack of SAS 70 for the billing service	No	Repeated as finding 2010-005
2008-009	Complete Voucher Packages	Yes	Corrected
2008-010	Advances	Yes	Corrected

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Dave Yost • Auditor of State

VILLAGE OF SOUTH WEBSTER

SCIOTO 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
JANUARY 24, 2013