



Mary Taylor, CPA
Auditor of State

**AMHERST TOWNSHIP
LORAIN COUNTY**

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AMHERST TOWNSHIP
LORAIN COUNTY

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Mary Taylor, CPA

Auditor of State

Amherst Township
Lorain County
7530 Oberlin Road
Elyria, Ohio 44035

To the Board of Trustees:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Amherst Township, Lorain County, Ohio (the Township), as of and for the years ended December 31, 2007 and December 31, 2006, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Amherst Township, Lorain County, Ohio, as of December 31, 2007 and December 31, 2006, and the respective changes in cash financial position and the respective budgetary comparison for the General, Road and Bridge, and Fire District funds thereof for the year ended December 31, 2007 and the budgetary comparison for the General, Gasoline Tax, Road and Bridge, and Fire District funds thereof for the year ended December 31, 2006 in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 27, 2009, on our consideration of the Township's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other

matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

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

Mary Taylor, CPA
Auditor of State

February 27, 2009

Amherst Township
Management's Discussion and Analysis
For the Year Ended December 31, 2007
Unaudited

This discussion and analysis of the Amherst Township's financial performance provides an overall review of the Township's financial activities for the year ended December 31, 2007, within the limitations of the Township's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Township's financial performance.

Highlights

Key highlights for 2007 are as follows:

Net assets of governmental activities increased \$248,014 or 18.6 percent, a significant change from the prior year. The fund most affected by the increase in cash and cash equivalents was the Fire District Fund. This fund increases dramatically in years when equipment, building or land is not acquired.

On January 9, 2007 the previous Fiscal Officer resigned. Howard Akin was appointed on January 17, 2007 to complete the term of office.

The Township was able to identify and acquire through the budgeting process an additional .63 inside mills to be assessed in 2007 and to begin collection in 2008.

The Township's general receipts are primarily property taxes. These receipts represent 49.95 percent of the total cash received for governmental activities during the year. Property tax (no income tax collected in Amherst Township) receipts for 2007 increased 5.5% compared to 2006 due to reassessment by the Township.

Increased development and improvement activity resulted in approximately \$21,00 in Zoning Permit receipts.

The Township was able to purchase a new dump truck with snow equipment for \$87,220.

The Township made 2 project improvements to the Hall building for a total of \$32,440.

The Township received solid waste grant monies of \$62,186, which were used to offset the cost of residential recycle material pick up.

A grant from OPWC for the Broadway/Taylor sewer project of \$88,850 was paid directly to the vendor.

The Amherst Township Senior Services Office received grant funding of \$2,574 from the Western Reserve Area Agency on Aging for support services to adults over the age of 60 and \$2,746 in Community Development Block Grant Funds to provide meals to disabled adults and adults over the age of 60.

Using the Basic Financial Statements

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

Report Components

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

Amherst Township
Management's Discussion and Analysis
For the Year Ended December 31, 2007
Unaudited

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

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

Basis of Accounting

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

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

Reporting the Township as a Whole

Amherst Township is a rural township with 7,695 residents (6,332 in unincorporated area + 1,363 in South Amherst Village), 3,020 homes, and 19.97 miles of roads.

The statement of net assets and the statement of activities reflect how the Township did financially during 2007, within the limitations of cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental activities of the Township at year-end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts.

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

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

Amherst Township
Management's Discussion and Analysis
For the Year Ended December 31, 2007
Unaudited

Reporting the Township's Most Significant Funds

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

Governmental Funds - Most of the Township's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Township's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Township's programs. The Township's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The Township's three major governmental funds are the General Fund, the Road and Bridge Fund, and the Fire District Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements. We describe this relationship in reconciliations presented with the governmental fund financial statements.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the Township. Fiduciary funds are not reflected on the government-wide financial statements because the resources of these funds are not available to support the Township's programs. The Township's Agency fund is used to account for and remit a state fee assessed on building permits.

The Township as a Whole

Table 1 provides a summary of the Township's net assets for 2007 compared to 2006 on a cash basis:

(Table 1)

Net Assets

	Governmental Activities	
	2007	2006
Assets		
Cash and Cash Equivalents	\$1,582,720	\$1,334,706
Total Assets	\$1,582,720	\$1,334,706
Net Assets		
Restricted for:		
Capital Outlay	\$1,006	\$1,006
Other Purposes	1,329,787	1,113,576
Unrestricted	251,927	220,124
Total Net Assets	\$1,582,720	\$1,334,706

As mentioned previously, net assets of governmental activities increased \$248,014 or 18.58 percent during 2007. The primary reasons contributing to the increase in cash balances are as follows:

- Reassessment of property values
- Improved public funds investment management

Amherst Township
Management's Discussion and Analysis
For the Year Ended December 31, 2007
Unaudited

Table 2 reflects the changes in net assets on a cash basis in 2007 and 2006.

(Table 2)

Changes in Net Assets

	Governmental Activities	
	2007	2006
Receipts:		
Program Receipts:		
Charges for Services and Sales	\$29,345	\$32,493
Operating Grants and Contributions	168,906	148,713
Capital Grants and Contributions	88,850	101,159
Total Program Receipts	287,101	282,365
General Receipts:		
Property and Other Local Taxes	622,947	588,480
Cable Franchise Fees	24,477	23,296
Grants and Entitlements Not Restricted to Specific Programs	218,702	182,171
Interest	66,852	17,659
Miscellaneous	26,881	20,229
Total General Receipts	959,859	831,835
Total Receipts	1,246,960	1,114,200
Disbursements:		
General Government	195,103	290,466
Public Safety	133,483	84,335
Public Works	449,906	439,673
Health	26,675	24,283
Human Services	29,386	18,523
Conservation-Recreation	51,914	0
Other	6,596	0
Capital Outlay	105,883	6,605
Total Disbursements	998,946	863,885
Net Assets, January 1	1,334,706	1,084,391
Net Assets, December 31	\$1,582,720	\$1,334,706

Program receipts represent only 23.02 percent of total receipts.

General receipts represent 76.98 percent of the Township's total receipts, and of this amount, 64.90 percent are local taxes. State and federal grants and entitlements make up most of the balance of the Township's general receipts (22.78). Other receipts are rather insignificant and somewhat unpredictable revenue sources.

Disbursements for General Government represent the overhead costs of running the Township and the support services provided for the other Township activities. These include the costs of the Board of Trustees, and the Fiscal Officer, as well as internal services such as payroll and purchasing. Public Works disbursements are mainly for roads, sewers and drainage.

Amherst Township
Management's Discussion and Analysis
For the Year Ended December 31, 2007
Unaudited

Governmental Activities

If you look at the Statement of Activities below, you will see that the first column lists the major services provided by the Township. The next column identifies the costs of providing these services. The major program disbursements are for Public Works and General Government, which account for 45.04 and 19.53 percent of all governmental disbursements, respectively. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service, which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts, which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)

	Governmental Activities			
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2007	2007	2006	2006
General Government	\$195,103	(\$167,672)	\$290,466	(\$259,191)
Public Safety	133,483	(133,483)	84,335	(84,335)
Public Works	449,906	(192,150)	439,673	(189,801)
Health	26,675	(24,761)	24,283	(23,065)
Human Services	29,386	(29,386)	18,523	(18,523)
Conservation-Recreation	51,914	(51,914)	0	0
Other	6,596	(6,596)	0	0
Capital Outlay	105,883	(105,883)	6,605	(6,605)
Total Expenses	\$998,946	(\$711,845)	\$863,885	(\$581,520)

The dependence upon property tax receipts is apparent as 62.36 percent of governmental activities are supported through these general receipts.

The Township's Funds

Total governmental funds had receipts of \$1,246,960 and disbursements of \$998,946. The greatest change within governmental funds occurred within the Fire District Fund. The fund balance of the Fire District Fund increased \$241,123 as the result of increased appraisals and no expenditures for land, equipment, or buildings.

General Fund Budgeting Highlights

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

During 2007, the Township amended its General Fund budget to reflect changing circumstances. Actual receipts were higher than the final budgeted amount by \$ 12,151 while actual disbursements were \$244,419 less than budgeted.

Amherst Township
Management's Discussion and Analysis
For the Year Ended December 31, 2007
Unaudited

Capital Assets and Debt Administration

Capital Assets

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

Debt

At December 31, 2007, the Township had no outstanding debt.

Current Issues

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

Contacting the Township's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Township's finances and to reflect the Township's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Howard Akin, Fiscal Officer, Amherst Township 7530 Oberlin Rd., Elyria, Ohio 44035.

AMHERST TOWNSHIP
LORAIN COUNTY
Statement of Net Assets - Cash Basis
December 31, 2007

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$1,582,720</u>
<i>Total Assets</i>	<u><u>\$1,582,720</u></u>
Net Assets	
Restricted for:	
Capital Projects	\$1,006
Other Purposes	1,329,787
Unrestricted	<u>251,927</u>
<i>Total Net Assets</i>	<u><u>\$1,582,720</u></u>

See accompanying notes to the basic financial statements

AMHERST TOWNSHIP
LORAIN COUNTY
Statement of Activities - Cash Basis
For the Year Ended December 31, 2007

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets	
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
General Government	\$195,103	\$27,431			(\$167,672)
Public Safety	133,483				(133,483)
Public Works	449,906		168,906	88,850	(192,150)
Health	26,675	1,914			(24,761)
Human Services	29,386				(29,386)
Conservation-Recreation	51,914				(51,914)
Other	6,596				(6,596)
Capital Outlay	105,883				(105,883)
Total Governmental Activities	\$998,946	\$29,345	\$168,906	\$88,850	(711,845)
		General Receipts			
		Property Taxes			622,947
		Cable Franchise Fees			24,477
		Grants and Entitlements not Restricted to Specific Programs			218,702
		Interest			66,852
		Miscellaneous			26,881
		<i>Total General Receipts</i>			959,859
		Change in Net Assets			248,014
		<i>Net Assets Beginning of Year</i>			1,334,706
		<i>Net Assets End of Year</i>			\$1,582,720

See accompanying notes to the basic financial statements

**AMHERST TOWNSHIP
LORAIN COUNTY**

*Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2007*

	<u>General</u>	<u>Road and Bridge</u>	<u>Fire District</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets					
Equity in Pooled Cash and Cash Equivalents	\$251,927	\$165,633	\$968,394	\$196,766	\$1,582,720
<i>Total Assets</i>	<u>\$251,927</u>	<u>\$165,633</u>	<u>\$968,394</u>	<u>\$196,766</u>	<u>\$1,582,720</u>
Fund Balances					
Reserved:					
Reserved for Encumbrances	\$28	\$0	\$0	\$0	\$28
Unreserved:					
Undesignated (Deficit), Reported in:					
General Fund	251,899	0	0	0	251,899
Special Revenue Funds	0	165,633	968,394	195,760	1,329,787
Capital Projects Funds	0	0	0	1,006	1,006
<i>Total Fund Balances</i>	<u>\$251,927</u>	<u>\$165,633</u>	<u>\$968,394</u>	<u>\$196,766</u>	<u>\$1,582,720</u>

See accompanying notes to the basic financial statements

**AMHERST TOWNSHIP
LORAIN COUNTY**

*Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2007*

	General	Road and Bridge	Fire District	Other Governmental Funds	Total Governmental Funds
Receipts					
Property and Other Local Taxes	\$61,201	\$242,819	\$285,621	\$33,306	\$622,947
Licenses, Permits and Fees	51,908	1,914	0	0	53,822
Intergovernmental	145,220	28,391	44,735	258,112	476,458
Interest	62,952	0	0	3,900	66,852
Miscellaneous	26,692	154	35	0	26,881
<i>Total Receipts</i>	<u>347,973</u>	<u>273,278</u>	<u>330,391</u>	<u>295,318</u>	<u>1,246,960</u>
Disbursements					
Current:					
General Government	182,769	0	0	12,334	195,103
Public Safety	391	0	87,485	45,607	133,483
Public Works	12,843	220,450	0	216,613	449,906
Health	15,833	0	0	10,842	26,675
Human Services	29,386	0	0	0	29,386
Conservation-Recreation	51,914	0	0	0	51,914
Other	5,226	0	0	0	5,226
Capital Outlay	15,638	88,462	1,783	0	105,883
<i>Total Disbursements</i>	<u>314,000</u>	<u>308,912</u>	<u>89,268</u>	<u>285,396</u>	<u>997,576</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>33,973</u>	<u>(35,634)</u>	<u>241,123</u>	<u>9,922</u>	<u>249,384</u>
Other Financing Sources (Uses)					
Transfers Out	(800)	0	0	800	0
Advances In	18,222	0	0	18,222	36,444
Advances Out	(18,222)	0	0	(18,222)	(36,444)
Other Financing Uses	(1,370)	0	0	0	(1,370)
<i>Total Other Financing Sources (Uses)</i>	<u>(2,170)</u>	<u>0</u>	<u>0</u>	<u>800</u>	<u>(1,370)</u>
<i>Net Change in Fund Balances</i>	31,803	(35,634)	241,123	10,722	248,014
<i>Fund Balances Beginning of Year</i>	<u>220,124</u>	<u>201,267</u>	<u>727,271</u>	<u>186,044</u>	<u>1,334,706</u>
<i>Fund Balances End of Year</i>	<u>\$251,927</u>	<u>\$165,633</u>	<u>\$968,394</u>	<u>\$196,766</u>	<u>\$1,582,720</u>

See accompanying notes to the basic financial statements

**AMHERST TOWNSHIP
LORAIN COUNTY**

*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2007*

	<u>Budgeted Amounts</u>			(Optional)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$48,982	\$48,982	\$61,201	\$12,219
Licenses, Permits and Fees	56,000	56,000	51,908	(4,092)
Intergovernmental	155,140	155,440	145,220	(10,220)
Earnings on Investments	55,000	55,000	62,952	7,952
Miscellaneous	20,000	20,000	26,692	6,692
<i>Total receipts</i>	<u>335,122</u>	<u>335,422</u>	<u>347,973</u>	<u>12,551</u>
Disbursements				
Current:				
General Government	310,985	376,647	182,797	193,850
Public Safety	2,000	2,000	391	1,609
Public Works	3,600	13,600	12,843	757
Health	0	24,000	15,833	8,167
Human Services	40,000	40,000	29,386	10,614
Conservation-Recreation	56,200	64,200	51,914	12,286
Other	12,000	12,000	5,226	6,774
Capital Outlay	20,000	26,000	15,638	10,362
<i>Total Disbursements</i>	<u>444,785</u>	<u>558,447</u>	<u>314,028</u>	<u>244,419</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(109,663)</u>	<u>(223,025)</u>	<u>33,945</u>	<u>256,970</u>
Other Financing Sources (Uses)				
Transfers Out	0	(800)	(800)	0
Advances In	0	0	18,222	18,222
Advances Out	0	0	(18,222)	(18,222)
Other Financing Uses	(1,800)	(1,800)	(1,370)	430
<i>Total Other Financing Sources (Uses)</i>	<u>(1,800)</u>	<u>(2,600)</u>	<u>(2,170)</u>	<u>430</u>
<i>Net Change in Fund Balance</i>	(111,463)	(225,625)	31,775	257,400
<i>Unencumbered Cash Balance Beginning of Year</i>	220,124	220,124	220,124	0
<i>Unencumbered Cash Balance End of Year</i>	<u>\$108,661</u>	<u>(\$5,501)</u>	<u>\$251,899</u>	<u>\$257,400</u>

**AMHERST TOWNSHIP
LORAIN COUNTY**

*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Road and Bridge Fund
For the Year Ended December 31, 2007*

	<u>Budgeted Amounts</u>			(Optional)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$236,125	\$236,125	\$242,819	\$6,694
Licenses, Permits and Fees	0	1,000	1,914	914
Intergovernmental	35,067	36,567	28,391	(8,176)
Earnings on Investments	0	4,000	0	(4,000)
Miscellaneous	3,000	3,000	154	(2,846)
<i>Total receipts</i>	<u>274,192</u>	<u>280,692</u>	<u>273,278</u>	<u>(7,414)</u>
Disbursements				
Current:				
Public Works	295,474	302,974	220,450	82,524
Capital Outlay	104,526	104,526	88,462	16,064
<i>Total Disbursements</i>	<u>400,000</u>	<u>407,500</u>	<u>308,912</u>	<u>98,588</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(125,808)</u>	<u>(126,808)</u>	<u>(35,634)</u>	<u>91,174</u>
<i>Net Change in Fund Balance</i>	(125,808)	(126,808)	(35,634)	91,174
<i>Unencumbered Cash Balance Beginning of Year</i>	201,267	201,267	201,267	0
<i>Unencumbered Cash Balance End of Year</i>	<u>\$75,459</u>	<u>\$74,459</u>	<u>\$165,633</u>	<u>\$91,174</u>

**AMHERST TOWNSHIP
LORAIN COUNTY**

*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Fire District Fund
For the Year Ended December 31, 2007*

	Budgeted Amounts			(Optional)
	Original	Final	Actual	Variance with Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$282,608	\$282,608	\$285,621	\$3,013
Intergovernmental	46,601	47,251	44,735	(2,516)
Miscellaneous	0	0	35	35
<i>Total receipts</i>	<u>329,209</u>	<u>329,859</u>	<u>330,391</u>	<u>532</u>
Disbursements				
Current:				
Public Safety	96,100	106,750	87,485	19,265
Capital Outlay	20,000	20,000	1,783	18,217
<i>Total Disbursements</i>	<u>116,100</u>	<u>126,750</u>	<u>89,268</u>	<u>37,482</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>213,109</u>	<u>203,109</u>	<u>241,123</u>	<u>38,014</u>
<i>Net Change in Fund Balance</i>	213,109	203,109	241,123	38,014
<i>Unencumbered Cash Balance Beginning of Year</i>	727,271	727,271	727,271	0
<i>Unencumbered Cash Balance End of Year</i>	<u>\$940,380</u>	<u>\$930,380</u>	<u>\$968,394</u>	<u>\$38,014</u>

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Note 1 – Reporting Entity

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

The reporting entity is comprised of the Township government.

A. Primary Government

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

B. Component Units

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

The Township has no component units.

C. Public Entity Risk Pools

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA), a public entity risk pool. Note 9 to the financial statements provides additional information for this entity.

Note 2 – Summary of Significant Accounting Policies

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements and the fund financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. Following are the more significant of the Township's accounting policies.

Note 2 – Summary of Significant Accounting Policies (Continued)

A. Basis of Presentation

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

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the Township as a whole. These statements include the financial activities of the primary government.

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

Fund Financial Statements

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

B. Fund Accounting

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

Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Township's major governmental funds are the General Fund, Road and Bridge Fund, and the Fire District Fund. The General Fund is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

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

Fiduciary Funds

Fiduciary funds include pension trust funds, investment trust funds, private purpose trust funds, and agency funds. The Township only utilizes an agency fund. This fund is used to collect and remit a three percent assessment of permit fees to the Board of Building Standards. This fund had a zero balance at December 31, 2007.

Note 2 – Summary of Significant Accounting Policies (Continued)

C. Basis of Accounting

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

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

D. Budgetary Process

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

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

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 Township during the year.

E. Cash and Investments

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

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

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

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

Note 2 – Summary of Significant Accounting Policies (Continued)

E. Cash and Investments (Continued)

During 2007, the Township invested in nonnegotiable certificates of deposit and STAR Ohio. The nonnegotiable certificates of deposit are reported at cost.

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

Interest earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2007 was \$62,952 of which \$52,310 was credited from other funds.

F. Restricted Assets

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

G. Inventory and Prepaid Items

There are no Inventory and Prepaid Items in Amherst Township

H. Capital Assets

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

I. Interfund Receivables/Payables

The Township reports advances-in and advances-out for interfund loans.

J. Accumulated Leave

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

K. Employer Contributions to Cost-Sharing Pension Plans

The Township recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 7 and 8, the employer contributions include portions for pension benefits and for postretirement health care benefits.

L. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

Note 2 – Summary of Significant Accounting Policies (Continued)

L. Net Assets (Continued)

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

M. Fund Balance Reserves

The Township reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods.

N. Interfund Transactions

Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating receipts/disbursements in proprietary funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

Note 3 – Accountability and Compliance

A. Accountability

There were no deficit fund balances.

B. Compliance

The Township did not properly account for and amend their budget to reflect Ohio Public Works Commission (OPWC) monies that were paid on their behalf.

Note 4 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General, Road & Bridge and Fire District Funds are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the cash basis are outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis).

Note 5 – Deposits and Investments

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

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

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

Note 5 – Deposits and Investments (Continued)

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

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

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

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

Deposits

Custodial credit risk is the risk that in the event of bank failure, the Township will not be able to recover deposits or collateral securities that are in the possession of an outside party. At fiscal year end \$270,873 of the Township's bank balance of \$370,873 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Township's name.

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

Amherst Township
Notes to the Financial Statements
For the Year Ended December 31, 2007

Note 5 – Deposits and Investments (Continued)

Investments

As of December 31, 2007, the Township had the following investments:

	<u>Carrying Value</u>	<u>Maturity</u>
Certificates of Deposit	655,321	Less than One Year
STAR Ohio	635,207	Less than Six Months

Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The Township does not have an investment policy beyond the requirements of state statute. Ohio law addresses interest rate risk by requiring that the Township's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding that need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short-term investments.

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

Note 6 – Property Taxes

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Village. Real property tax receipts received in 2007 represent the collection of 2006 taxes. Real property taxes received in 2007 were levied after October 1, 2006, on the assessed values as of January 1, 2006, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in 2007 represent the collection of 2006 taxes. Public utility real and tangible personal property taxes received in 2007 became a lien on December 31, 2006, were levied after October 1, 2006, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2007 (other than public utility property) represent the collection of 2007 taxes. Tangible personal property taxes received in 2007 were levied after October 1, 2006, on the true value as of December 31, 2006. The tangible personal property tax is being phased out – the assessment percentage for all property including inventory is 12.5 percent for 2007. This will be reduced to 6.25 percent for 2008 and zero for 2009. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

Amherst Township
Notes to the Financial Statements
For the Year Ended December 31, 2007

Note 6 – Property Taxes (Continued)

The full tax rate for all Village operations for the year ended December 31, 2007, was \$ 6.9 per \$1,000 of assessed value. The assessed values of real property, public utility property, and tangible personal property upon which 2007 property tax receipts were based are as follows:

Real Property	\$123,783,720
Public Utility Property	3,760,390
Tangible Personal Property	5,251,254
Total Assessed Values	<u>\$132,795,364</u>

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

Note 7 – Defined Benefit Pension Plan

Ohio Public Employees Retirement System

The Township participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

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

For the year ended December 31, 2007, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 9.5 percent of their annual covered salaries. The Ohio Revised Code provides statutory authority for member and employer contributions. The contribution rates for law enforcement and safety forces are different. The Township has no employees in this category.

The Township's contribution rate for 2007 was 13.85 percent. For the period July 1 to June 30, a portion of the Township's contribution equal to 5% of covered payroll was allocated to fund the post employment health care plan; for the period July 1 to December 31, 2007 this amount was increased to 6 percent. Employer contribution rates are actuarially determined. State statute sets a maximum contribution rate for the Township of 14 percent.

The Township's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2007, 2006, and 2005 were \$17,017, \$15,916, and \$17,667 respectively. 100 percent has been contributed for 2007, 2006, and 2005.

Note 8 - Postemployment Benefits

Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and qualified survivor benefit recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2007 local government employer contribution rate was 13.85 percent of covered payroll; 4.50 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the individual entry age actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2006, include a rate of return on investments of 6.50 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care costs were assumed to increase between .50 and 5.00 percent annually for the next eight years and 4.00 percent annually after nine years.

All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12 percent corridor.

The number of active contributing participants in the traditional and combined plans was 374,979. The number of active contributing participants for both plans used in the December 31, 2006, actuarial valuation was 362,130. Actual employer contributions for which were used to fund postemployment benefits for the years ended December 31, 2007, was \$7,785. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2006, (the latest information available) were \$12 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$30.7 billion and \$18.7 billion, respectively.

On September 9, 2004 the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. To improve the solvency of the Health Care Fund, OPERS created a separate investment pool for health care assets. Member and employer contribution rates increased as of January 1, 2006, and January 1, 2007, which will allow additional funds to be allocated to the health care plan.

Note 9 – Risk Management

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

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

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Amherst Township
Notes to the Financial Statements
For the Year Ended December 31, 2007

Note 9 – Risk Management (Continued)

Casualty Coverage

For an occurrence prior to January 1, 2006, OTARMA retains casualty risks up to \$250,000 per occurrence, including claim adjustment expenses. OTARMA pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$10,000,000 in the aggregate per year. For an occurrence on or subsequent to January 1, 2006, the Pool retains casualty risk up to \$350,000 per occurrence. Claims exceeding \$350,000 are reinsured with APEEP in an amount not to exceed \$2,650,000 for each claim and \$10,000,000 in the aggregate per year. Governments can elect up to \$10,000,000 in additional coverage with the General Reinsurance Corporation, through contracts with OTARMA.

If losses exhaust PEP's retained earnings, APEEP provides *excess of funds available* coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000 (prior to January 1, 2006) or \$3,000,000 (on or subsequent to January 1, 2006).

Property Coverage

Through 2004, OTARMA retained property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsured losses exceeding \$100,000 up to \$500 million per occurrence.

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. This amount increased to \$300,000 in 2007. For 2007, APEEP reinsures members for specific losses exceeding \$100,000 up to \$300,000 per occurrence, subject to an annual aggregate loss payment. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable values. If the stop loss is reached by payment of losses between \$100,000 and \$250,000 in 2006, or \$100,000 and \$300,000 in 2007, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2007 was \$2,014,548.

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

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2007 and 2006:

	<u>2007</u>	<u>2006</u>
Assets	\$43,210,703	\$42,042,275
Liabilities	(13,357,837)	(12,120,661)
Net Assets	<u>\$29,852,866</u>	<u>\$29,921,614</u>

Amherst Township
Notes to the Financial Statements
For the Year Ended December 31, 2007

Note 9 – Risk Management (Continued)

At December 31, 2007 and 2006, respectively, liabilities above include approximately \$12.5 million and \$11.3 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$11.6 million and \$10.8 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2007 and 2006, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Township's share of these unpaid claims collectible in future years is approximately \$7,520. This payable includes the subsequent year's contribution due if the Township terminates participation, as described in the last paragraph below.

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

Contributions to OTARMA	
2005	\$10,432
2006	\$10,400
2007	\$ 8,107

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

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Amherst Township
Management's Discussion and Analysis
For the Year Ended December 31, 2006
Unaudited

This discussion and analysis of the Amherst Township's financial performance provides an overall review of the Township's financial activities for the year ended December 31, 2006, within the limitations of the Township's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the Township's financial performance.

Highlights

Key highlights for 2006 are as follows:

Net assets of governmental activities increased \$250,315 or 23.08 percent, a significant change from the prior year. The fund most affected by the increase in cash and cash equivalents was the Fire District Fund. This fund increases dramatically in years when equipment, building, or land is not acquired.

The Township's general receipts are primarily property taxes. These receipts represent 52.82 percent of the total cash received for governmental activities during the year. Property tax (no income tax collected in Amherst Township) receipts for 2006 increased 3.12 compared to 2005 due to reassessment by the Township.

Increased development and improvement activity resulted in approximately \$30,000 in Zoning Permit and Fee receipts.

The Township received a grant from OPWC of \$101,159 for the refurbishing of roads, including, Broadway, Taylor, and Tenney.

The Township received solid waste grant monies of \$63,505, which were used to offset the cost of residential recycle material pick up.

The Amherst Township Senior Services Office received grant funding of \$2,750 from the Western Reserve Area Agency on Aging for support services to adults over the age of 60 and \$3,000 in Community Development Block Grant Funds to provide meals to disabled adults and adults over the age of 60. This was the first year Amherst Township received CDBG funding.

Using the Basic Financial Statements

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

Report Components

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

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

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

Amherst Township
Management's Discussion and Analysis
For the Year Ended December 31, 2006
Unaudited

Basis of Accounting

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

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

Reporting the Township as a Whole

Amherst Township is a rural township with 7,695 residents (6,332 in unincorporated area + 1,363 in South Amherst Village), 3,020 homes, and 19.97 miles of roads.

The statement of net assets and the statement of activities reflect how the Township did financially during 2006, within the limitations of cash basis accounting. The statement of net assets presents the cash balances and investments of the governmental activities of the Township at year-end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts.

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

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

Reporting the Township's Most Significant Funds

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

Governmental Funds - Most of the Township's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the Township's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the Township's programs. The Township's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column.

Amherst Township
Management's Discussion and Analysis
For the Year Ended December 31, 2006
Unaudited

The Township's major governmental funds are the General Fund, Gasoline Tax Fund, Road and Bridge Fund, Fire District Fund, and Ohio Public Works Commission Fund. The programs reported in governmental funds are closely related to those reported in the governmental activities section of the entity-wide statements. We describe this relationship in reconciliations presented with the governmental fund financial statements.

Fiduciary Funds - Fiduciary funds are used to account for resources held for the benefit of parties outside the Township. Fiduciary funds are not reflected on the government-wide financial statements because the resources of these funds are not available to support the Township's programs. The Township's Agency fund is used to account for and remit a state fee assessed on building permits.

The Township as a Whole

Table 1 provides a summary of the Township's net assets for 2006 compared to 2005 on a cash basis:

(Table 1)

Net Assets

	Governmental Activities	
	2006	2005
Assets		
Cash and Cash Equivalents	\$1,334,706	\$1,084,391
Total Assets	\$1,334,706	\$1,084,391
Net Assets		
Restricted for:		
Capital Outlay	\$1,006	\$1,006
Other Purposes	1,113,576	813,940
Unrestricted	220,124	269,445
Total Net Assets	\$1,334,706	\$1,084,391

As mentioned previously, net assets of governmental activities increased \$250,315 or 23.08 percent during 2006. The primary reasons contributing to the increase in cash balances are as follows:

- Reassessment of property values
- Decrease in Capital Outlay expenditures

Amherst Township
Management's Discussion and Analysis
For the Year Ended December 31, 2006
Unaudited

Table 2 reflects the changes in net assets on a cash basis in 2006 and 2005.

(Table 2)

Changes in Net Assets

	Governmental Activities	
	2006	2005
Receipts:		
Program Receipts:		
Charges for Services and Sales	\$32,493	\$57,388
Operating Grants and Contributions	148,713	212,518
Capital Grants and Contributions	101,159	110,570
Total Program Receipts	282,365	380,476
General Receipts:		
Property and Other Local Taxes	588,480	570,671
Cable Franchise Fees	23,296	
Grants and Entitlements Not Restricted to Specific Programs	182,171	121,045
Interest	17,659	2,334
Miscellaneous	20,229	19,202
Total General Receipts	831,835	713,252
Total Receipts	1,114,200	1,093,728
Disbursements:		
General Government	290,466	\$272,367
Public Safety	84,335	115,178
Public Works	439,673	395,435
Health	24,283	16,966
Human Services	18,523	14,931
Capital Outlay	6,605	251,138
Total Disbursements	863,885	1,066,015
Net Assets, January 1	1,084,391	1,056,678
Net Assets, December 31	\$1,334,706	\$1,084,391

Program receipts represent only 25.34 percent of total receipts.

General receipts represent 74.66 percent of the Township's total receipts, and of this amount, 70.74 percent are local taxes. State and federal grants and entitlements make up most of the remaining balance of the Township's general receipts (21.90). Other receipts are rather insignificant and somewhat unpredictable revenue sources.

Disbursements for General Government represent the overhead costs of running the Township and the support services provided for the other Township activities. These include the costs of the Board of Trustees, and the Fiscal Officer, as well as internal services such as payroll and purchasing. Public Works disbursements are mainly for roads, sewers and drainage.

Amherst Township
Management's Discussion and Analysis
For the Year Ended December 31, 2006
Unaudited

Governmental Activities

If you look at the Statement of Activities below, you will see that the first column lists the major services provided by the Township. The next column identifies the costs of providing these services. The major program disbursements are for Public Works and General Government, which account for 50.89 and 33.62 percent of all governmental disbursements, respectively. The net Receipt (Disbursement) column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service, which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts, which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)

Governmental Activities				
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2006	2006	2005	2005
General Government	\$290,466	(\$259,191)	\$272,367	(\$145,984)
Public Safety	84,335	(84,335)	115,178	(115,178)
Public Works	439,673	(189,801)	395,435	(200,146)
Health	24,283	(23,065)	16,966	38,264
Human Services	18,523	(18,523)	14,931	(14,931)
Other	0	0	0	3,574
Capital Outlay	6,605	(6,605)	251,138	(251,138)
Total Expenses	\$863,885	(\$581,520)	\$1,066,015	(\$685,539)

The dependence upon property tax receipts is apparent as 68.12 percent of governmental activities are supported through these general receipts.

The Township's Funds

Total governmental funds had receipts of \$1,114,200 and disbursements of \$863,885. The greatest change within governmental funds occurred within the Fire District Fund. The fund balance of the Fire District Fund increased \$246,085 as the result of increased appraisals and no expenditures for land, equipment, or buildings.

General Fund disbursements were more than receipts by \$49,321 indicating the General Fund had to use accumulated funds for current expenses.

General Fund Budgeting Highlights

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

The Township did not amend the original General Fund Budget during 2006. Final actual receipts were \$400,763 less than the original budgeted receipts.

Amherst Township
Management's Discussion and Analysis
For the Year Ended December 31, 2006
Unaudited

Capital Assets and Debt Administration

Capital Assets

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

Debt

At December 31, 2006, the Township had no outstanding debt.

Current Issues

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

Contacting the Township's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the Township's finances and to reflect the Township's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Howard Akin, Fiscal Officer, Amherst Township 7530 Oberlin Rd., Elyria, Ohio 44035.

AMHERST TOWNSHIP
LORAIN COUNTY
Statement of Net Assets - Cash Basis
December 31, 2006

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	<u>\$1,334,706</u>
<i>Total Assets</i>	<u><u>\$1,334,706</u></u>
Net Assets	
Restricted for:	
Capital Projects	\$1,006
Other Purposes	1,113,576
Unrestricted	<u>220,124</u>
<i>Total Net Assets</i>	<u><u>\$1,334,706</u></u>

See accompanying notes to the basic financial statements

AMHERST TOWNSHIP
LORAIN COUNTY
Statement of Activities - Cash Basis
For the Year Ended December 31, 2006

	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
General Government	\$290,466	\$31,275	\$0	\$0	(\$259,191)
Public Safety	84,335	0	0	0	(84,335)
Public Works	439,673	0	148,713	101,159	(189,801)
Health	24,283	1,218	0	0	(23,065)
Human Services	18,523	0	0	0	(18,523)
Capital Outlay	6,605	0	0	0	(6,605)
Total Governmental Activities	\$863,885	\$32,493	\$148,713	\$101,159	(581,520)
		General Receipts			
		Property Taxes			588,480
		Cable Franchise Fees			23,296
		Grants and Entitlements not Restricted to Specific Programs			182,171
		Interest			17,659
		Miscellaneous			20,229
		<i>Total General Receipts</i>			831,835
		Change in Net Assets			250,315
		<i>Net Assets Beginning of Year</i>			1,084,391
		<i>Net Assets End of Year</i>			\$1,334,706

See accompanying notes to the basic financial statements

AMHERST TOWNSHIP
LORAIN COUNTY
Statement of Cash Basis Assets and Fund Balances
Governmental Funds
December 31, 2006

	General	Gasoline Tax	Road and Bridge	Fire District	Public Works Commission Projects	Other Governmental Funds	Total Governmental Funds
Assets							
Equity in Pooled Cash and Cash Equivalents	\$220,124	\$30,204	\$201,267	\$727,271	\$1,006	\$154,834	\$1,334,706
Total Assets	\$220,124	\$30,204	\$201,267	\$727,271	\$1,006	\$154,834	\$1,334,706
Fund Balances							
Unreserved:							
Undesignated (Deficit), Reported in:							
General Fund	220,124	0	0	0	0	0	220,124
Special Revenue Funds	0	30,204	201,267	727,271	0	154,834	1,113,576
Capital Projects Funds	0	0	0	0	1,006	0	1,006
Total Fund Balances	\$220,124	\$30,204	\$201,267	\$727,271	\$1,006	\$154,834	\$1,334,706

See accompanying notes to the basic financial statements

**AMHERST TOWNSHIP
LORAIN COUNTY**

*Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances
Governmental Funds
For the Year Ended December 31, 2006*

	General	Gasoline Tax	Road and Bridge	Fire District	Public Works Commission Projects	Other Governmental Funds	Total Governmental Funds
Receipts							
Property and Other Local Taxes	\$46,962	\$0	\$220,237	\$290,762	\$0	\$30,519	\$588,480
Licenses, Permits and Fees	53,723	0	0	0	0	848	54,571
Intergovernmental	116,069	78,040	23,668	39,533	101,159	73,574	432,043
Interest	17,659	0	0	0	0	0	17,659
Miscellaneous	18,146	0	2,083	0	0	1,218	21,447
<i>Total Receipts</i>	<u>252,559</u>	<u>78,040</u>	<u>245,988</u>	<u>330,295</u>	<u>101,159</u>	<u>106,159</u>	<u>1,114,200</u>
Disbursements							
Current:							
General Government	261,588	0	0	0	0	28,878	290,466
Public Safety	125	0	0	84,210	0	0	84,335
Public Works	0	100,101	170,557	0	101,159	67,856	439,673
Health	16,186	0	0	0	0	8,097	24,283
Human Services	18,523	0	0	0	0	0	18,523
Capital Outlay	5,458	1,147	0	0	0	0	6,605
<i>Total Disbursements</i>	<u>301,880</u>	<u>101,248</u>	<u>170,557</u>	<u>84,210</u>	<u>101,159</u>	<u>104,831</u>	<u>863,885</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(49,321)</u>	<u>(23,208)</u>	<u>75,431</u>	<u>246,085</u>	<u>0</u>	<u>1,328</u>	<u>250,315</u>
<i>Fund Balances Beginning of Year</i>	<u>269,445</u>	<u>53,412</u>	<u>125,836</u>	<u>481,186</u>	<u>1,006</u>	<u>153,506</u>	<u>1,084,391</u>
<i>Fund Balances End of Year</i>	<u>\$220,124</u>	<u>\$30,204</u>	<u>\$201,267</u>	<u>\$727,271</u>	<u>\$1,006</u>	<u>\$154,834</u>	<u>\$1,334,706</u>

See accompanying notes to the basic financial statements

**AMHERST TOWNSHIP
LORAIN COUNTY**

*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
General Fund
For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>			(Optional)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$160,000	\$160,000	\$46,962	(\$113,038)
Licenses, Permits and Fees	90,000	90,000	53,723	(36,277)
Intergovernmental	236,196	236,196	116,069	(120,127)
Earnings on Investments	5,000	5,000	17,659	12,659
Miscellaneous	162,126	162,126	18,146	(143,980)
<i>Total receipts</i>	<u>653,322</u>	<u>653,322</u>	<u>252,559</u>	<u>(400,763)</u>
Disbursements				
Current:				
General Government	492,322	492,322	261,588	230,734
Public Safety	22,000	22,000	125	21,875
Public Works	40,000	40,000	0	40,000
Health	35,000	35,000	16,186	18,814
Human Services	40,000	40,000	18,523	21,477
Conservation-Recreation	5,000	5,000	0	5,000
Capital Outlay	20,000	20,000	5,458	14,542
<i>Total Disbursements</i>	<u>654,322</u>	<u>654,322</u>	<u>301,880</u>	<u>352,442</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(1,000)</u>	<u>(1,000)</u>	<u>(49,321)</u>	<u>(48,321)</u>
<i>Unencumbered Cash Balance Beginning of Year</i>	269,445	269,445	269,445	0
<i>Unencumbered Cash Balance End of Year</i>	<u>\$268,445</u>	<u>\$268,445</u>	<u>\$220,124</u>	<u>(\$48,321)</u>

**AMHERST TOWNSHIP
LORAIN COUNTY**

*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Gasoline Tax Fund
For the Year Ended December 31, 2006*

	<u>Budgeted Amounts</u>		<u>Actual</u>	(Optional)
	<u>Original</u>	<u>Final</u>		Variance with Final Budget Positive (Negative)
Receipts				
Intergovernmental	259,110	259,110	78,040	(181,070)
<i>Total receipts</i>	<u>259,110</u>	<u>259,110</u>	<u>78,040</u>	<u>(181,070)</u>
Disbursements				
Current:				
Public Works	285,391	285,391	100,101	185,290
Capital Outlay	3,270	3,270	1,147	2,123
<i>Total Disbursements</i>	<u>288,661</u>	<u>288,661</u>	<u>101,248</u>	<u>187,413</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(29,551)</u>	<u>(29,551)</u>	<u>(23,208)</u>	<u>6,343</u>
<i>Net Change in Fund Balance</i>	(29,551)	(29,551)	(23,208)	6,343
<i>Unencumbered Cash Balance Beginning of Year</i>	53,412	53,412	53,412	0
<i>Unencumbered Cash Balance End of Year</i>	<u>\$23,861</u>	<u>\$23,861</u>	<u>\$30,204</u>	<u>\$6,343</u>

**AMHERST TOWNSHIP
LORAIN COUNTY**

*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Road and Bridge Fund
For the Year Ended December 31, 2006*

	Budgeted Amounts			(Optional)
	Original	Final	Actual	Variance with Final Budget Positive (Negative)
Receipts				
Property and Other Local Taxes	\$306,251	\$306,251	\$220,237	(\$86,014)
Intergovernmental	50,000	50,000	23,668	(26,332)
Miscellaneous	68,493	68,493	2,083	(66,410)
<i>Total receipts</i>	<u>424,744</u>	<u>424,744</u>	<u>245,988</u>	<u>(178,756)</u>
Disbursements				
Current:				
Public Works	398,493	398,493	170,557	227,936
Capital Outlay	26,251	26,251	0	26,251
<i>Total Disbursements</i>	<u>424,744</u>	<u>424,744</u>	<u>170,557</u>	<u>254,187</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>0</u>	<u>0</u>	<u>75,431</u>	<u>75,431</u>
<i>Net Change in Fund Balance</i>	0	0	75,431	75,431
<i>Unencumbered Cash Balance Beginning of Year</i>	125,836	125,836	125,836	0
<i>Unencumbered Cash Balance End of Year</i>	<u>\$125,836</u>	<u>\$125,836</u>	<u>\$201,267</u>	<u>\$75,431</u>

**AMHERST TOWNSHIP
LORAIN COUNTY**

*Statement of Receipts, Disbursements and Changes
In Fund Balance - Budget and Actual - Budget Basis
Fire District Fund
For the Year Ended December 31, 2006*

	Budgeted Amounts			(Optional) Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts				
Property and Other Local Taxes	\$660,000	\$660,000	\$290,762	(\$369,238)
Intergovernmental	40,000	40,000	39,533	(467)
Miscellaneous	25,386	25,386	0	(25,386)
<i>Total receipts</i>	<u>725,386</u>	<u>725,386</u>	<u>330,295</u>	<u>(395,091)</u>
Disbursements				
Current:				
Public Safety	10,000	510,000	84,210	425,790
Capital Outlay	215,836	215,386	0	215,386
<i>Total Disbursements</i>	<u>225,836</u>	<u>725,386</u>	<u>84,210</u>	<u>641,176</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>499,550</u>	<u>0</u>	<u>246,085</u>	<u>246,085</u>
<i>Unencumbered Cash Balance Beginning of Year</i>	481,186	481,186	481,186	0
<i>Unencumbered Cash Balance End of Year</i>	<u>\$980,736</u>	<u>\$481,186</u>	<u>\$727,271</u>	<u>\$246,085</u>

Note 1 – Reporting Entity

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

The reporting entity is comprised of the Township government.

A. Primary Government

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

B. Component Units

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

The Township has no component units.

C. Public Entity Risk Pools

The Township participates in the Ohio Township Association Risk Management Authority (OTARMA), a public entity risk pool. Note 9 to the financial statements provides additional information for this entity.

Note 2 – Summary of Significant Accounting Policies

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements and the fund financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. Following are the more significant of the Township's accounting policies.

Note 2 – Summary of Significant Accounting Policies (Continued)

A. Basis of Presentation

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

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the Township as a whole. These statements include the financial activities of the primary government.

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

Fund Financial Statements

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

B. Fund Accounting

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

Governmental Funds

The Township classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The Township's major governmental funds are the General Fund, Gasoline Tax Fund, Road and Bridge Fund, Fire District Fund and Ohio Public Works Commission Fund. The General Fund is used to account for all financial resources, except those required to be accounted for in another fund. The General Fund balance is available to the Township for any purpose provided it is expended or transferred according to the general laws of Ohio.

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

Fiduciary Funds

Fiduciary funds include pension trust funds, investment trust funds, private purpose trust funds, and agency funds. The Township only utilizes an agency fund. This fund is used to collect and remit a three percent assessment of permit fees to the Board of Building Standards. The fund had a zero balance at December 31, 2006.

Note 2 – Summary of Significant Accounting Policies (Continued)

C. Basis of Accounting

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

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

D. Budgetary Process

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

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

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 Township during the year.

E. Cash and Investments

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

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

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

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

Note 2 – Summary of Significant Accounting Policies (Continued)

E. Cash and Investments (Continued)

During 2006, the Township invested in nonnegotiable certificates of deposit. The nonnegotiable certificates of deposit are reported at cost.

Interest earnings are allocated to Township funds according to State statutes, grant requirements, or debt related restrictions. Interest receipts credited to the General Fund during 2006 was \$17,659 of which \$14,746 was credited from other funds.

F. Restricted Assets

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

G. Inventory and Prepaid Items

The Township has no Inventory or Prepaid Items.

H. Capital Assets

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

I. Interfund Receivables/Payables

The Township reports advances-in and advances-out for interfund loans.

J. Accumulated Leave

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

K. Employer Contributions to Cost-Sharing Pension Plans

The Township recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 7 and 8, the employer contributions include portions for pension benefits and for postretirement health care benefits.

L. Net Assets

Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

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

Note 2 – Summary of Significant Accounting Policies (Continued)

M. Fund Balance Reserves

The Township reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. Currently there are none.

N. Interfund Transactions

Interfund transfers are reported as other financing sources/uses in governmental funds and after nonoperating receipts/disbursements in proprietary funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented in the financial statements.

Note 3 – Accountability and Compliance

A. Accountability

There were no deficit fund balances.

B. Compliance

The Township did not properly account for and amend their budget to reflect Ohio Public Works Commission (OPWC) monies that were paid on their behalf.

Note 4 – Budgetary Basis of Accounting

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the General, Gasoline Tax, Road & Bridge and Fire District Funds are prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The differences between the budgetary basis and the cash basis are outstanding year end encumbrances are treated as disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis).

Note 5 – Deposits and Investments

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

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

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

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.

Note 5 – Deposits and Investments (Continued)

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

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

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

Deposits

Custodial credit risk is the risk that in the event of bank failure, the Township will not be able to recover deposits or collateral securities that are in the possession of an outside party. At fiscal year end \$771,134 of the Township's bank balance of \$881,134 was exposed to custodial credit risk because those deposits were uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Township's name.

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

Note 5 – Deposits and Investments (Continued)

Investments

As of December 31, 2006, the Township had the following investments:

	Carrying Value	Maturity
Certificates of Deposit	490,000	Less than One Year

Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The Township does not have an investment policy beyond the requirements of state statute. Ohio law addresses interest rate risk by requiring that the Township’s investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding that need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short-term investments.

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the Township will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The U.S. Treasury Bills are exposed to custodial credit risk as they are uninsured, unregistered, and held by the counterparty’s trust department or agent but not in the Township’s name. The Township has no investment policy dealing with investment custodial risk beyond the requirements in ORC 135.14(M)(2) which states, “Payment for investments shall be made only upon the delivery of securities representing such investments to the treasurer, investing authority, or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the treasurer, governing board, or qualified trustee.”

Note 6 – Property Taxes

Property taxes include amounts levied against all real property, public utility property, and tangible personal property located in the Township. Real property tax receipts received in 2006 represent the collection of 2005 taxes. Real property taxes received in 2006 were levied after October 1, 2005, on the assessed values as of January 1, 2005, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in 2006 represent the collection of 2005 taxes. Public utility real and tangible personal property taxes received in 2006 became a lien on December 31, 2004, were levied after October 1, 2005, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax receipts received in 2006 (other than public utility property) represent the collection of 2006 taxes. Tangible personal property taxes received in 2006 were levied after October 1, 2005, on the true value as of December 31, 2005. The tangible personal property tax is being phased out – the assessment percentage for all property including inventory is 18.75 percent for 2007. This will be reduced to 12.5 percent for 2007, 6.25 percent for 2008 and zero for 2009. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, the first payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

Amherst Township
Notes to the Financial Statements
For the Year Ended December 31, 2006

Note 6 – Property Taxes (Continued)

The full tax rate for all Township operations for the year ended December 31, 2006, was \$6.90 per \$1,000 of assessed value. The assessed values of real and personal property upon which 2006 property tax receipts were based are as follows:

Real Property	\$109,980,270
Public Utility Property	3,824,600
Tangible Personal Property	7,625,788
Total Assessed Values	<u>\$121,430,658</u>

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

Note 7 – Defined Benefit Pension Plan

Ohio Public Employees Retirement System

The Township participates in the Ohio Public Employees Retirement System (OPERS). OPERS administers three separate pension plans. The traditional plan is a cost-sharing, multiple-employer defined benefit pension plan. The member-directed plan is a defined contribution plan in which the member invests both member and employer contributions (employer contributions vest over five years at 20 percent per year). Under the member directed plan, members accumulate retirement assets equal to the value of the member and vested employer contributions plus any investment earnings. The combined plan is a cost-sharing, multiple-employer defined benefit pension plan that has elements of both a defined benefit and a defined contribution plan. Under the combined plan, employer contributions are invested by the retirement system to provide a formula retirement benefit similar to the traditional plan benefit. Member contributions, whose investment is self-directed by the member, accumulate retirement assets in a manner similar to the member directed plan.

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

For the year ended December 31, 2006, the members of all three plans, except those in law enforcement or public safety participating in the traditional plan, were required to contribute 9.0 percent of their annual covered salaries. The Township's contribution rate for pension benefits for 2006 was 13.70 percent. The Ohio Revised Code provides statutory authority for member and employer contributions. The Township's required contributions have been paid for 2006. The contribution rates for law enforcement and safety forces are different. The Township has no employees in this category.

The Township's required contributions for pension obligations to the traditional and combined plans for the years ended December 31, 2006, 2005, and 2004 were \$15,916, \$17,667, and \$16,867 respectively; 100 percent has been contributed for 2006, 2005, and 2004.

Note 8 - Postemployment Benefits

Ohio Public Employees Retirement System

The Ohio Public Employees Retirement System (OPERS) provides postretirement health care coverage to age and service retirees with ten or more years of qualifying Ohio service credit with either the traditional or combined plans. Health care coverage for disability recipients and qualified survivor benefit recipients is available. Members of the member-directed plan do not qualify for postretirement health care coverage. A portion of each employer's contribution to the traditional or combined plans is set aside for the funding of postretirement health care based on authority granted by State statute. The 2006 local government employer contribution rate was 13.7 percent of covered payroll (16.93 percent for public safety and law enforcement); 4.50 percent of covered payroll was the portion that was used to fund health care.

Benefits are advance-funded using the individual entry age actuarial cost method. Significant actuarial assumptions, based on OPERS's latest actuarial review performed as of December 31, 2005, include a rate of return on investments of 6.50 percent, an annual increase in active employee total payroll of 4.00 percent compounded annually (assuming no change in the number of active employees) and an additional increase in total payroll of between .50 percent and 6.3 percent based on additional annual pay increases. Health care costs were assumed to increase between .50 and 6.00 percent annually for the next nine years and 4.00 percent annually after nine years.

All investments are carried at market value. For actuarial valuation purposes, a smoothed market approach is used. Assets are adjusted to reflect 25 percent of unrealized market appreciation or depreciation on investment assets annually, not to exceed a 12 percent corridor.

The number of active contributing participants in the traditional and combined plans was 369,214. The number of active contributing participants for both plans used in the December 31, 2005, actuarial valuation was 358,804. Actual employer contributions made by the Township for 2006 which were used to fund postemployment benefits were \$7,785. The actual contribution and the actuarially required contribution amounts are the same. OPERS's net assets available for payment of benefits at December 31, 2005, (the latest information available) were \$11.1 billion. The actuarially accrued liability and the unfunded actuarial accrued liability were \$31.3 billion and \$20.2 billion, respectively.

On September 9, 2004 the OPERS Retirement Board adopted a Health Care Preservation Plan (HCPP) with an effective date of January 1, 2007. To improve the solvency of the Health Care Fund, OPERS created a separate investment pool for health care assets. Member and employer contribution rates increased as of January 1, 2006, and January 1, 2007, which will allow additional funds to be allocated to the health care plan.

Note 9 – Risk Management

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

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

The Township belongs to the Ohio Township Association Risk Management Authority (OTARMA), a risk-sharing pool available to Ohio townships. OTARMA provides property and casualty coverage for its members. OTARMA is a member of the American Public Entity Excess Pool (APEEP). Member governments pay annual contributions to fund OTARMA. OTARMA pays judgments, settlements and other expenses resulting from covered claims that exceed the members' deductibles.

Amherst Township
Notes to the Financial Statements
For the Year Ended December 31, 2006

Note 9 – Risk Management (Continued)

Casualty Coverage

For an occurrence prior to January 1, 2006, OTARMA retains casualty risks up to \$250,000 per occurrence, including claim adjustment expenses. OTARMA pays a percentage of its contributions to APEEP. APEEP reinsures claims exceeding \$250,000, up to \$1,750,000 per claim and \$10,000,000 in the aggregate per year. For an occurrence on or subsequent to January 1, 2006, the Pool retains casualty risk up to \$350,000 per occurrence. Claims exceeding \$350,000 are reinsured with APEEP in an amount not to exceed \$2,650,000 for each claim and \$10,000,000 in the aggregate per year. Governments can elect up to \$10,000,000 in additional coverage with the General Reinsurance Corporation, through contracts with OTARMA.

If losses exhaust PEP's retained earnings, APEEP provides *excess of funds available* coverage up to \$5,000,000 per year, subject to a per-claim limit of \$2,000,000 (prior to January 1, 2006) or \$3,000,000 (on or subsequent to January 1, 2006).

Property Coverage

Through 2004, OTARMA retained property risks, including automobile physical damage, up to \$100,000 on any specific loss in any one occurrence. The Travelers Indemnity Company reinsured losses exceeding \$100,000 up to \$500 million per occurrence.

Beginning in 2005, Travelers reinsures specific losses exceeding \$250,000 up to \$600 million per occurrence. This amount increased to \$300,000 in 2007. Travelers provides aggregate stop-loss coverage based upon the combined members' total insurable values. If the stop loss is reached by payment of losses between \$100,000 and \$250,000 in 2006, Travelers will reinsure specific losses exceeding \$100,000 up to their \$600 million per occurrence limit. The aggregate stop-loss limit for 2006 was \$1,901,127.

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

Property and casualty settlements did not exceed insurance coverage for the past three fiscal years.

Financial Position

OTARMA's financial statements (audited by other accountants) conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2006:

	<u>2006</u>
Assets	\$42,042,275
Liabilities	(12,120,661)
Net Assets	<u>\$29,921,614</u>

At December 31, 2006, liabilities above include approximately \$11.3 million of estimated incurred claims payable. The assets and retained earnings above also include approximately \$10.8 million of unpaid claims to be billed to approximately 950 member governments in the future, as of December 31, 2006, respectively. These amounts will be included in future contributions from members when the related claims are due for payment. The Township's share of these unpaid claims collectible in future years is approximately \$10,000. This payable includes the subsequent year's contribution due if the Township terminates participation, as described in the last paragraph below.

Note 9 – Risk Management (Continued)

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

<u>Contributions to OTARMA</u>	
2005	\$10,462
2005	\$10,432
2006	\$10,400

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

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Mary Taylor, CPA

Auditor of State

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

Amherst Township
Lorain County
7530 Oberlin Road
Elyria, Ohio 44035

To the Board of Trustees:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Amherst Township, Lorain County, (the Township) as of and for the years ended December 31, 2007 and December 31, 2006, which collectively comprise the Township's basic financial statements and have issued our report thereon dated February 27, 2009, wherein, we noted the Township uses a comprehensive accounting basis other than generally accepted accounting principles. We also noted the Township uses the Auditor of State's Uniform Accounting Network (UAN) to process its financial transactions. *Government Auditing Standards* considers this service to impair the Auditor of State's independence to audit the Township because the Auditor of State designed, developed, implemented, and, as requested, operates UAN. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider significant deficiencies.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the Township's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Township's internal control will not prevent or detect a more than inconsequential financial statement misstatement.

We consider the following deficiency described in the accompanying schedule of findings to be a significant deficiency in internal control over financial reporting: 2007-001.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Township's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and accordingly, would not necessarily disclose all significant deficiencies that are also material weaknesses. We do not believe the significant deficiency described above is a material weakness.

We also noted certain internal control matters that we reported to the Township's management in a separate letter dated February 27, 2009.

Compliance and Other Matters

As part of reasonably assuring whether the Township's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matter that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2007-001.

We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the Township's management in a separate letter dated February 27, 2009.

The Township's response to the finding identified in our audit is described in the accompanying schedule of findings. We did not audit the Township's response and, accordingly, we express no opinion on it.

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



Mary Taylor, CPA
Auditor of State

February 27, 2009

**AMHERST TOWNSHIP
LORAIN COUNTY**

**SCHEDULE OF FINDINGS
DECEMBER 31, 2007 AND 2006**

FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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FINDING NUMBER 2007-001

Material Non-Compliance/Significant Deficiency

OPWC - Issue II

Ohio Rev. Code Section 5705.09 (F) requires, in part, a special fund be created for each class of revenues derived from a source other than the general property tax which the law requires to be used for a particular purpose. Ohio Rev. Code Section 5705.39 prohibits a political subdivision from making a fund appropriation in excess of estimated resources available for expenditure from the fund. Ohio Rev. Code Section 5705.36(A)(3) allows all subdivisions to request an increased amended certificate of estimated resources upon determination by the fiscal officer that revenue to be collected will be greater than the amount included in the official certificate. An increased amended certificate must be obtained from the budget commission if the legislative authority intends to appropriate and expend the excess revenue. Ohio Rev. Code Section 5705.40 requires that any appropriation measure may be amended or supplemented as long as the entity complies with the same provisions of the law as are used in making the original appropriation. However, no appropriation for any purpose may be reduced below an amount sufficient to cover all unliquidated and outstanding contracts or obligations certified from or against the appropriation. Ohio Rev. Code Section 5705.41(B) prohibits a subdivision or taxing unit from making expenditures unless they have been properly appropriated

The Township was the beneficiary of Ohio Public Work Commission (OPWC) money sent directly to the vendor by OPWC. The Township received \$88,850 in 2007 and \$101,159 in 2006. Pursuant to Auditor of State Bulletins 2000-008 and 2002-004, a Capital Projects Fund should be established to account for the funds and budgetary requirements of ORC Chapter 5705. The Township did not record the receipt and expenditure of this money, nor did they amend their estimated resources or appropriations to reflect this activity. The accompanying financial statements were adjusted to reflect these amounts in the Public Works Commission Fund.

We recommend that when the Township receives notice that it has been approved for funding by a State or Federal agency, it should review the reporting requirements established by Auditor of State Bulletins 2000-008 and 2002-004, certify the available resources to the County Budget Commission, amend its appropriations measure to account for the grant funds, and when notified that funds have been expended on its behalf, make memo entries to post the revenues and expenditures to the Township's books.

Officials' Response:

The Township appreciates being made aware of these requirements and will begin properly recording these transactions to the accounting system. They will also notify the County Auditor in order to obtain an amended certificate of estimated resources as well as to increase the appropriations once they receive notification of award from OPWC.



Mary Taylor, CPA
Auditor of State

AMHERST TOWNSHIP

LORAIN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 19, 2009**