

**AMHERST EXEMPTED
VILLAGE SCHOOL DISTRICT
LORAIN COUNTY, OHIO**

AUDIT REPORT

**FOR THE FISCAL YEAR
ENDED JUNE 30, 2011**

James G. Zupka, CPA, Inc.
Certified Public Accountants



Dave Yost • Auditor of State

Board of Education
Amherst Exempted Village School District
185 Forest Street
Amherst, Ohio 44001

We have reviewed the *Independent Auditor's Report* of the Amherst Exempted Village School District, Lorain County, prepared by James G. Zupka, CPA, Inc., for the audit period July 1, 2010 through June 30, 2011. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost
Auditor of State

January 3, 2012

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**AMHERST EXEMPTED VILLAGE SCHOOL DISTRICT
LORAIN COUNTY, OHIO
AUDIT REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

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JAMES G. ZUPKA, C.P.A., INC.

Certified Public Accountants

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Ohio Society of Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

Board of Education
Amherst Exempted Village School District
Amherst, Ohio

The Honorable Dave Yost
Auditor of State
State of Ohio

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Amherst Exempted Village School District, Lorain County, Ohio, as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Amherst Exempted Village School District, Ohio'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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.


In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Amherst Exempted Village School District, Ohio, as of June 30, 2011, and the respective changes in financial position, thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 18 to the basic financial statements, the District restated its July 1, 2010 governmental fund balances due to changes in fund structure as a result of implementing Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 16, 2011, on our consideration of the Amherst Exempted Village School District, Ohio's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 through 9 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Amherst Exempted Village School District, Ohio's financial statements as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. The Schedule of Expenditures of Federal Awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.


James G. Zupka, CPA, Inc.
Certified Public Accountants

November 16, 2011

Amherst Exempted Village School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
Unaudited

MANAGEMENT'S DISCUSSION AND ANALYSIS

The discussion and analysis of Amherst Exempted Village School District's (The "School District") financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2011. The intent of this discussion and analysis is to look at the School District's financial performance as a whole. Readers should also review the financial statements and notes to those respective statements to enhance their understanding of the School District's financial performance.

FINANCIAL HIGHLIGHTS

Key Financial Highlights for 2011 are as follows:

- In total, net assets increased by \$1,672,753.
- Revenues for governmental activities totaled \$42,339,337 during 2011. Of this total 87 percent consisted of general revenues while program revenues accounted for the balance of 13 percent.
- Program expenses totaled \$40,666,584. Instructional expenses made up 60 percent of this total while support services accounted for 31 percent. Other expenses rounded out the remaining nine percent.

USING THIS ANNUAL FINANCIAL REPORT

This annual report consists of a series of financial statements and notes pertaining to those statements. These statements are organized so the reader can understand Amherst Exempted Village School District as a financial whole, or complete operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The *Statement of Net Assets* and *Statement of Activities* provide information about the activities of the whole School District, presenting both an aggregate and longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as the amount of funds available for future spending. The fund financial statements also look at the School District's most significant funds with all other Non-Major funds presented in total in one column. In the case of Amherst Exempted Village School District, the General Fund and Bond Retirement Fund are the most significant funds.

REPORTING THE SCHOOL DISTRICT AS A WHOLE

Statement of Net Assets and the Statement of Activities

While this document contains all the funds used by the School District to provide programs and activities, the view of the School District as a whole considers all financial transactions and asks the question, "How did we do financially during 2011?" The *Statement of Net Assets* and the *Statement of Activities* answers this question. These statements include all Non-Fiduciary assets and liabilities using the accrual basis of accounting, similar to the accounting used by most private-sector companies. Accrual accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

Amherst Exempted Village School District
Management's Discussion and Analysis
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Unaudited

These two statements report the School District's net assets and changes in those assets. This change in net assets is important because it tells the reader that, for the School District as a whole, the financial position of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the School District's performance, demographic and socioeconomic factors and willingness of the community to support the School District. On the other hand, financial factors may include the School District's financial position, liquidity and solvency, fiscal capacity and risk and exposure.

In the *Statement of Net Assets* and the *Statement of Activities*, the School District is classified into governmental activities. All of the School District's Non-Fiduciary programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation, operation of food service, extracurricular activities, and interest and fiscal charges.

REPORTING THE SCHOOL DISTRICT'S MOST SIGNIFICANT FUNDS

Governmental Funds. Most of the School District's activities are reported as governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using the *modified accrual basis of accounting*, which measures cash and all other financial assets that can be readily converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps to determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in the fund balances for the General Fund and Bond Retirement Fund which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation.

The School District adopts an annual appropriation budget for the General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget. The governmental fund financial statements begin on page 12.

Fiduciary Funds. These funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the School District's own programs. The accounting for the fiduciary funds is much like that used to proprietary funds. The fiduciary fund financial statements begin on page 17.

Notes to the Basic Financial Statements The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements begin on page 19.

Amherst Exempted Village School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
Unaudited

THE SCHOOL DISTRICT AS A WHOLE

You may recall that the *Statement of Net Assets* provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net assets for 2011 compared to 2010:

Table 1
Net Assets
Governmental Activities

	2011	2010*
Assets:		
Current and Other Assets	\$ 27,524,410	\$ 26,884,323
Capital Assets, Net	26,467,997	27,314,543
Total Assets	53,992,407	54,198,866
Liabilities:		
Current and Other Liabilities	19,993,150	21,139,603
Long-term Liabilities:		
Due Within One Year	1,583,331	1,481,481
Due in More than One Year	21,777,546	22,612,155
Total Liabilities	43,354,027	45,233,239
Net Assets:		
Invested in Capital Assets, Net of Related Debt	8,201,008	7,580,675
Restricted	2,975,466	2,427,579
Unrestricted	(538,094)	(1,042,627)
Total Net Assets	\$ 10,638,380	\$ 8,965,627

*As restated, see Note 18 for additional information.

Total net assets of the School District as a whole increased in the amount of \$1,672,753.

Total assets decreased by \$206,459. The majority of the decrease can be attributed to a decrease in capital assets, net due to current year depreciation exceeding additions. This decrease was partially offset by an increase in cash and cash equivalents held at year end. This increase to cash is due to the receipt of additional tax revenue as compared to the prior fiscal year.

Total liabilities decreased by \$1,879,212. This decrease can be attributed mainly to the decrease in long-term liabilities as a result of principal payments and a decrease in deferred revenue. The decrease was partially offset by an increase in compensated absences payable.

Amherst Exempted Village School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
Unaudited

Table 2 shows the changes in net assets and compares revenue and expenses from fiscal year 2011 and fiscal year 2010. A comparative analysis of government-wide data is presented.

Table 2
Change in Net Assets

	2011	2010
Revenues		
Program Revenues:		
Charges for Services and Sales	\$ 2,033,982	\$ 2,038,600
Operating Grants and Contributions	<u>3,593,862</u>	<u>3,558,264</u>
Total Program Revenues	<u>5,627,844</u>	<u>5,596,864</u>
General Revenues:		
Property and Other Local Taxes	17,881,059	17,087,698
Grants and Entitlements		
Not Restricted to Specific Programs	18,545,191	18,771,498
Gifts and Donations		
Not Restricted to Specific Programs	8,770	3,000
Investment Earnings	23,593	57,045
Gain on Sale of Capital Assets	3,044	-
Miscellaneous	<u>249,836</u>	<u>349,769</u>
Total General Revenues	<u>36,711,493</u>	<u>36,269,010</u>
Total Revenues	<u>42,339,337</u>	<u>41,865,874</u>
Program Expenses		
Instruction:		
Regular	18,776,327	19,115,431
Special	5,314,301	5,501,250
Vocational	392,134	365,567
Support Services:		
Pupils	1,689,462	1,603,558
Instructional Staff	1,862,211	1,895,597
Board of Education	20,656	16,847
Administration	3,114,470	3,120,476
Fiscal	719,870	769,155
Operation and Maintenance of Plant	3,727,230	3,681,770
Pupil Transportation	1,387,175	1,443,053
Central	29,562	17,574
Operation of Non-Instructional Services	1,773,119	1,774,119
Extracurricular Activities	740,996	707,297
Interest and Fiscal Charges	<u>1,119,071</u>	<u>1,124,706</u>
Total Expenses	<u>40,666,584</u>	<u>41,136,400</u>
Increase in Net Assets	1,672,753	729,474
Net Assets at Beginning of Year*	<u>8,965,627</u>	<u>8,236,153</u>
Net Assets at End of Year	<u><u>\$ 10,638,380</u></u>	<u><u>\$ 8,965,627</u></u>

* As restated, see Note 18 for additional information. Certain reclassifications were made to prior year amounts to be consistent with current year accounting.

Amherst Exempted Village School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
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Governmental Activities

The School District has carefully planned its financial existence by forecasting its revenues and expenses over the next five years. Although the School District relies heavily upon local property taxes to support its operations, the School District does actively solicit and receive additional grant and entitlement funds to help offset some operating costs. Property taxes increased due to increased tax collections for real estate. Grants and entitlements not restricted to specific programs decreased due to state foundation basic aid. Miscellaneous revenues decreased due to a one time refund of a prior year expenditure received in 2010. Investment earnings decreased due to the continuing decline in interest rates.

As one can see, approximately 60 percent of the School Districts expense is used to fund instructional expenses. Additional supporting services for pupils, staff and business operations encompass an additional 31 percent. The remaining amount of program expenses, 9 percent, is to facilitate other obligations of the School District such as interest and fiscal charges, the food service program and numerous extracurricular activities. Regular Instruction decreased as a result of payments made in the prior year for severance/retirement. Special Instruction decreased as direct result of decreased monies received in the Special Education programs.

The Statement of Activities shows the total net cost of program services. Table 3 shows a comparative of the total cost of services for governmental activities and the net cost of those services for fiscal year 2011 to fiscal year 2010. That is, it identifies the cost of those services supported by tax revenue and unrestricted State entitlements. Comparisons of 2011 to 2010 have been made in Table 3.

Table 3
 Total and Net Cost of Program Services
 Governmental Activities

	Total Cost	Net Cost	Total Cost	Net Cost
	2011	2011	2010	2010
Instruction				
Regular	\$ 18,776,327	\$ 16,919,811	\$ 19,115,431	\$ 17,681,961
Special	5,314,301	4,206,895	5,501,250	3,906,660
Vocational	392,134	382,525	365,567	365,567
Support Services				
Pupils	1,689,462	1,613,730	1,603,558	1,547,639
Instructional Staff	1,862,211	1,581,091	1,895,597	1,606,117
Board of Education	20,656	20,149	16,847	16,847
Administration	3,114,470	2,937,998	3,120,476	3,077,930
Fiscal	719,870	703,315	769,155	769,155
Operation of Maintenance of Plant	3,727,230	3,624,317	3,681,770	3,647,632
Pupil Transportation	1,387,175	1,255,732	1,443,053	1,250,094
Central	29,562	28,836	17,574	17,574
Operation of Non-Instructional Services	1,773,119	44,611	1,774,119	274,511
Extracurricular Activities	740,996	600,659	707,297	253,143
Interest and Fiscal Charges	1,119,071	1,119,071	1,124,706	1,124,706
Total Expenses	<u>\$ 40,666,584</u>	<u>\$ 35,038,740</u>	<u>\$ 41,136,400</u>	<u>\$ 35,539,536</u>

The dependence upon general revenues in the form of property taxes and grant and entitlements not restricted to specific programs is apparent. Program revenues only account for 13 percent of all governmental expenses. Program revenues include charges for services, grants and contributions that are program specific.

Amherst Exempted Village School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
Unaudited

THE SCHOOL DISTRICT'S FUNDS

Information regarding the School District's major funds can be found on page 21 of the notes to the basic financial statements. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues and other financing resources of \$42,292,059 and expenditures and other financing uses totaled \$40,557,926. The General Fund balance increased \$1,263,572. The most significant reason for the increase in the general fund balance was increased property tax revenue collections. For the Bond Retirement debt service fund, which is the only other major fund, fund balance increased \$100,078.

General Fund Budgeting Highlights

The School District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund. During the fiscal year 2011, the School District amended its general fund budget as expenditures priorities changed according to student, building and operational needs. Budget revisions are presented to the Board of Education for approval.

For the General Fund, the original budget basis revenue including other financing resources was \$35,968,253 and the final budget basis revenue including other financing sources was \$35,968,253. Total actual receipts were below the total estimates by \$1,678,077, due primarily to less intergovernmental receipts received than budgeted.

Final appropriations including other financing uses of \$35,457,644 were the same as the original budget and \$1,456,099 less than actual appropriations. The decrease can be attributed to conservative budgeting by the School District.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2011, the School District had \$26,467,997 invested in its capital assets. Table 4 shows the fiscal year 2011 balances compared to 2010.

Table 4
 Capital Assets
 (Net of Accumulated Depreciation)

	Governmental Activities	
	2011	2010
Land	\$ 1,421,676	\$ 1,421,676
Land Improvements	691,196	746,777
Buildings and Improvements	23,476,549	24,126,751
Furniture, Fixtures, Equipment and Textbooks	672,003	688,650
Vehicles	206,573	330,689
Totals	\$ 26,467,997	\$ 27,314,543

Changes in capital assets from the prior year resulted from current year additions as well as disposals and depreciation expense. See Note 9 to the basic financial statements for more detailed information related to capital assets.

Amherst Exempted Village School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2011
Unaudited

Debt

At June 30, 2011, the School District had \$19,497,187 in bonds outstanding of which \$1,540,000 is due within one year. See Note 13 to the basic financial statements for more detailed information related to debt. Table 5 summarizes the bonds outstanding:

Table 5
 Outstanding Debt at Year End
 Governmental Activities

	<i>Governmental Activities</i>	
	2011	2010
Non-Refunding General Obligation Bonds	\$ 1,200,000	\$ 2,325,000
Advanced Refunding Bonds	15,597,036	15,838,915
Capital Appreciation Bonds	2,100,151	1,744,691
Energy Conservation Notes	600,000	700,000
Total	\$ 19,497,187	\$ 20,608,606

At June 30, 2011, the School District's overall debt margin was \$34,215,140.

CURRENT ISSUES

Amherst Local Schools has a strong financial outlook. The Board of Education and administration closely monitor its revenues and expenditures in accordance with its financial forecast and the School District Continuous Improvement Plan.

The financial future of the School District is not without its challenges though. These challenges are internal and external in nature. The internal challenges will continue to exist as the School District must rely heavily on local property taxes to fund its operation. External challenges continue to evolve as the State of Ohio determines the outcome of the Ohio Supreme Court case dealing with the unconstitutionality of the State's educational funding system.

The School District has not anticipated any meaningful growth in State revenue due to the constraints set by the State for estimating state funding. The State has stated that the per pupil revenue for a minimum education should be decreased by one percent per each year of the biennial budget. The affect of passing the operating levy last year will continue to have a positive effect on the School District's financial condition.

As a result of the challenges mentioned above, it is imperative the School District's management continue to carefully and prudently plan in order to provide the resources required to meet student needs of the next several years.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Mrs. Shirley Antel, Treasurer at Amherst Exempted Village School District, 185 Forest Street, Amherst, Ohio 44001.

Amherst Exempted Village School District

Statement of Net Assets

June 30, 2011

	<u>Governmental Activities</u>
ASSETS:	
Equity in Pooled Cash, Cash Equivalents, and Investments	\$ 8,993,993
Accrued Interest Receivable	4,143
Intergovernmental Receivable	496,706
Taxes Receivable	17,814,718
Materials and Supplies Inventory	22,853
Deferred Charges	191,997
Non-Depreciable Capital Assets	1,421,676
Depreciable Capital Assets, net	25,046,321
<i>Total Assets</i>	<u>53,992,407</u>
LIABILITIES:	
Accounts Payable	93,988
Accrued Wages and Benefits	3,620,872
Intergovernmental Payable	1,206,048
Accrued Interest Payable	60,618
Matured Compensated Absences Payable	394,400
Deferred Revenue	14,617,224
Long-Term Liabilities:	
Due Within One Year	1,583,331
Due in More Than One Year	21,777,546
<i>Total Liabilities</i>	<u>43,354,027</u>
NET ASSETS:	
Invested in Capital Assets, Net of Related Debt	8,201,008
Restricted for Debt Service	1,379,651
Restricted for Capital Outlay	838,057
Restricted for Set Asides	268,004
Restricted for Food Service	248,563
Restricted for Other Purposes	241,191
Unrestricted	(538,094)
<i>Total Net Assets</i>	<u>\$ 10,638,380</u>

See accompanying notes to the basic financial statements.

Amherst Exempted Village School District
Statement of Activities
For the Fiscal Year Ended June 30, 2011

	Program Revenues			Net (Expenses)
Expenses	Charges for Services and Sales	Operating Grants and Contributions	Revenue and Changes in Net Assets	
Governmental Activities:				
Instruction:				
Regular	\$ 18,776,327	\$ 407,595	\$ 1,448,921	\$ (16,919,811)
Special	5,314,301	105,575	1,001,831	(4,206,895)
Vocational	392,134	9,609	-	(382,525)
Support Services:				
Pupils	1,689,462	40,612	35,120	(1,613,730)
Instructional Staff	1,862,211	39,896	241,224	(1,581,091)
Board of Education	20,656	507	-	(20,149)
Administration	3,114,470	75,154	101,318	(2,937,998)
Fiscal	719,870	16,555	-	(703,315)
Operation and Maintenance of Plant	3,727,230	87,404	15,509	(3,624,317)
Pupil Transportation	1,387,175	30,682	100,761	(1,255,732)
Central	29,562	726	-	(28,836)
Operation of Non-Instructional Services	1,773,119	1,108,956	619,552	(44,611)
Extracurricular Activities	740,996	110,711	29,626	(600,659)
Interest and Fiscal Charges	1,119,071	-	-	(1,119,071)
<i>Total Governmental Activities</i>	<u>\$ 40,666,584</u>	<u>\$ 2,033,982</u>	<u>\$ 3,593,862</u>	<u>(35,038,740)</u>
 General Revenues:				
Property Taxes Levied for:				
General Purposes				15,330,859
Debt Service				1,957,522
Capital Projects				592,678
Grants and Entitlements not Restricted to Specific Programs				18,545,191
Gifts and Donations not Restricted to Specific Programs				8,770
Investment Earnings				23,593
Gain on Sale of Capital Assets				3,044
Miscellaneous				249,836
<i>Total General Revenues</i>				<u>36,711,493</u>
<i>Change in Net Assets</i>				1,672,753
<i>Net Assets Beginning of Year, as Restated - See Note 18</i>				<u>8,965,627</u>
<i>Net Assets End of Year</i>				<u>\$ 10,638,380</u>

See accompany notes to the basic financial statements.

Amherst Exempted Village School District
Balance Sheet
Governmental Funds
As of June 30, 2011

	General Fund	Bond Retirement Fund	Other Governmental Funds	Total Governmental Funds
ASSETS:				
Equity in Pooled Cash, Cash Equivalents and Investments	\$ 6,010,910	\$ 1,024,603	\$ 1,690,476	\$ 8,725,989
Materials and Supplies Inventory	-	-	22,853	22,853
Accrued Interest Receivable	3,913	-	230	4,143
Interfund Receivable	334,154	-	-	334,154
Intergovernmental Receivable	130,018	-	366,688	496,706
Taxes Receivable	15,219,716	1,964,180	630,822	17,814,718
Restricted Assets:				
Equity in Pooled Cash, Cash Equivalents, and Investments	268,004	-	-	268,004
<i>Total Assets</i>	<u>\$ 21,966,715</u>	<u>\$ 2,988,783</u>	<u>\$ 2,711,069</u>	<u>\$ 27,666,567</u>
LIABILITIES:				
Accounts Payable	\$ 56,895	\$ -	\$ 37,093	\$ 93,988
Accrued Wages and Benefits	3,273,139	-	347,733	3,620,872
Intergovernmental Payable	1,103,793	-	102,255	1,206,048
Interfund Payable	-	-	334,154	334,154
Matured Compensated Absences Payable	394,400	-	-	394,400
Deferred Revenue	12,828,468	1,652,939	893,191	15,374,598
<i>Total Liabilities</i>	<u>17,656,695</u>	<u>1,652,939</u>	<u>1,714,426</u>	<u>21,024,060</u>
FUND BALANCES:				
Nonspendable			22,853	22,853
Restricted	268,004	1,335,844	1,284,390	2,888,238
Assigned	398,629	-	-	398,629
Unassigned	3,643,387	-	(310,600)	3,332,787
<i>Total Fund Balances</i>	<u>4,310,020</u>	<u>1,335,844</u>	<u>996,643</u>	<u>6,642,507</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 21,966,715</u>	<u>\$ 2,988,783</u>	<u>\$ 2,711,069</u>	<u>\$ 27,666,567</u>

See accompanying notes to the basic financial statements.

Amherst Exempted Village School District
*Reconciliation of Total Governmental Fund Balances to
 Net Assets of Governmental Activities
 As of June 30, 2011*

Total Governmental Fund Balances \$ 6,642,507

*Amounts reported for governmental activities in the
 statement of net assets are different because:*

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. 26,467,997

Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.

Grants	361,688
Property Taxes	395,686
	757,374

Total 757,374

In the statement of activities, interest is accrued on outstanding bonds whereas in governmental funds, an interest expense is reported when due. (60,618)

In the statement of activities, bond issuance costs are amortized over the life of the bonds, whereas in governmental funds, bond issuance expenses is reported when due. 191,997

Long-term liabilities, including compensated absences, and long-term debt are not due and payable in the current period and therefore are not reported in the funds.

General Obligation Bonds	(1,200,000)
Refunding Bonds	(15,405,000)
Premium on Refunding Bonds	(1,033,872)
Deferred Amount on Refunding Bonds	841,836
Capital Appreciation Bonds	(869,953)
Accretion on Capital Appreciation Bonds	(1,230,198)
Energy Conservation Notes	(600,000)
Compensated Absences	(3,863,690)
	(23,360,877)

Total (23,360,877)

Net Assets of Governmental Activities \$ 10,638,380

See accompanying notes to the basic financial statements.

Amherst Exempted Village School District
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2011

	General Fund	Bond Retirement Fund	Other Governmental Funds	Total Governmental Funds
REVENUES:				
Property Taxes	\$ 15,291,693	\$ 1,956,782	\$ 632,356	\$ 17,880,831
Intergovernmental	18,330,858	266,455	3,453,608	22,050,921
Interest	22,720	-	873	23,593
Tuition and Fees	374,300	-	5,172	379,472
Rent	10,608	-	-	10,608
Extracurricular Activities	430,022	-	96,617	526,639
Gifts and Donations	8,770	-	29,626	38,396
Customer Sales and Services	9,220	-	1,108,043	1,117,263
Miscellaneous	167,052	-	82,784	249,836
<i>Total Revenues</i>	<u>34,645,243</u>	<u>2,223,237</u>	<u>5,409,079</u>	<u>42,277,559</u>
EXPENDITURES:				
Current:				
Instruction:				
Regular	16,440,997	-	1,524,655	17,965,652
Special	4,239,884	-	942,096	5,181,980
Vocational	381,777	-	-	381,777
Support Services:				
Pupils	1,621,898	-	39,053	1,660,951
Instructional Staff	1,602,987	-	231,477	1,834,464
Board of Education	20,656	-	-	20,656
Administration	3,037,816	-	53,503	3,091,319
Fiscal	671,970	31,646	12,835	716,451
Operation and Maintenance of Plant	3,376,127	-	300,085	3,676,212
Pupil Transportation	1,245,701	-	22,463	1,268,164
Central	29,562	-	-	29,562
Operation of Non-Instructional Services	61	-	1,741,809	1,741,870
Extracurricular Activities	574,085	-	135,237	709,322
Capital Outlay	-	-	45,383	45,383
Debt Service:				
Principal	100,000	1,355,000	-	1,455,000
Interest	32,650	736,513	-	769,163
<i>Total Expenditures</i>	<u>33,376,171</u>	<u>2,123,159</u>	<u>5,048,596</u>	<u>40,547,926</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>1,269,072</u>	<u>100,078</u>	<u>360,483</u>	<u>1,729,633</u>
OTHER FINANCING SOURCES AND USES:				
Transfers In	-	-	10,000	10,000
Proceeds from Sale of Capital Assets	4,500	-	-	4,500
Transfers Out	(10,000)	-	-	(10,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(5,500)</u>	<u>-</u>	<u>10,000</u>	<u>4,500</u>
<i>Net Change in Fund Balances</i>	1,263,572	100,078	370,483	1,734,133
<i>Fund Balances at Beginning of Year - As Restated See Note 18</i>	<u>3,046,448</u>	<u>1,235,766</u>	<u>626,160</u>	<u>4,908,374</u>
<i>Fund Balances at End of Year</i>	<u>\$ 4,310,020</u>	<u>\$ 1,335,844</u>	<u>\$ 996,643</u>	<u>\$ 6,642,507</u>

See accompanying notes to the basic financial statements.

Amherst Exempted Village School District
*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2011*

Net Change in Fund Balances - Total Governmental Funds

\$ 1,734,133

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital Assets - Additions	45,383	
Depreciation	(890,473)	
<i>Total</i>		(845,090)

Governmental funds only report the disposal of assets to the extent proceeds are received from the sale. In the statement of activities a gain or loss is reported for each disposal.

Proceeds from the Sale of Capital Assets	(4,500)	
Gain on Disposal of Capital Assets	3,044	
<i>Total</i>		(1,456)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Delinquent Property Taxes	228	
Grants and Others	58,506	
<i>Total</i>		58,734

Accretion of capital appreciation bonds do not provide current financial resources but are an increase in long-term liabilities in the statement of net assets.

(355,460)

Repayment of bond principal are expenditures in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. In the current period, these amounts are:

Amortization of Premium	63,949	
Amortization of Deferred Amount on Refunding	(52,070)	
Refunded Bonds Payments	230,000	
Non-Refunded Bonds Payments	1,125,000	
Energy Conservation Notes Payments	100,000	
<i>Total</i>		1,466,879

In the statement of activities, interest and bond issuance costs is accrued on outstanding bonds, whereas in governmental funds, an interest expenditures is reported when due.

(6,327)

Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.

(378,660)

\$ 1,672,753

Net Change in Net Assets of Governmental Activities

See accompanying notes to the basic financial statements.

Amherst Exempted Village School District
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual
(Budgetary Basis)
General Fund
For the Fiscal Year Ended June 30, 2011

	Budgeted Amounts		Actual	Variance with Final Budget: Positive (Negative)
	Original Budget	Final Budget		
Total Revenues and Other Sources	\$ 35,968,253	\$ 35,968,253	\$ 34,290,176	\$ (1,678,077)
Total Expenditures and Other Uses	35,457,664	35,457,664	34,001,565	1,456,099
Net Change in Fund Balance	510,589	510,589	288,611	(221,978)
Fund Balance, July 1, 2010	5,115,022	5,115,022	5,115,022	-
Prior Year Encumbrances Appropriated	423,460	423,460	423,460	-
Fund Balance, June 30, 2011	<u>\$ 6,049,071</u>	<u>\$ 6,049,071</u>	<u>\$ 5,827,093</u>	<u>\$ (221,978)</u>

See accompanying notes to the basic financial statements.

Amherst Exempted Village School District
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2011

	<u>Private Purpose Trust Fund</u>	<u>Agency Fund</u>
ASSETS:		
Equity in Pooled Cash, Cash Equivalents and Investments	<u>\$ 90,120</u>	<u>\$ 104,475</u>
LIABILITIES:		
Undistributed Monies	<u>-</u>	<u>\$ 104,475</u>
NET ASSETS:		
Held in Trust for Scholarships	<u>90,120</u>	
<i>Total Net Assets</i>	<u>\$ 90,120</u>	

See accompanying notes to the basic financial statements.

Amherst Exempted Village School District
Statement of Changes in Fiduciary Net Assets
Fiduciary Fund
For the Fiscal Year Ended June 30, 2011

	<u>Private Purpose Trust Fund</u>
ADDITIONS:	
Gifts and Contributions	\$ 119,656
Other	<u>2,625</u>
<i>Total Additions</i>	122,281
DEDUCTIONS:	
Payments in Accordance with Trust Agreements	<u>80,863</u>
Change in Net Assets	41,418
<i>Net Assets Beginning of Year- As Restated, See Note 18</i>	<u>48,702</u>
<i>Net Assets End of Year</i>	<u><u>\$ 90,120</u></u>

See accompanying notes to the basic financial statements.

Amherst Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Description of the School District

Amherst Exempted Village School District (the "School District") was established for the purposes of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The School District is an exempted village school district as defined by Section 3311.04 of the Ohio Revised Code. The School District operates under a locally-elected Board form of government consisting of five members elected at-large for staggered four year terms. The School District provides educational services as authorized by State statute and/or Federal guidelines. The Board controls the School District's six instructional/support facilities staffed by 185 non-certified employees and 275 certified full time teaching personnel and administrators, who provide services to 4,247 student and community members.

The School District boundaries include the City of Amherst, Amherst Township, and a portion of the City of Lorain, an area extending approximately 32 square miles. The School District operates four elementary schools (K-6), one junior high school (7-8) and one high school (9-12).

Reporting Entity

The reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements of the School District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the School District. For Amherst Exempted Village Local School District, this includes general operations, food service and student related activities of the School District.

The following entities which perform activities within the School District's boundaries for the benefit of its resident's , are excluded from the accompanying financial statements because the School District is not financially accountable for these entities nor are they fiscally dependent on the School District.

The Amherst Public Library provides the community with various educational and literary resources. This is a related organization and the School District's participation is disclosed in Note 15 to the basic financial statements.

The School District is not involved in the budgeting or the management of Parent-Teacher Organizations or booster clubs. The School District is not responsible for any debt and has no influence over these organizations or clubs.

Within the School District's boundaries, St. Joseph School is operated through the Cleveland Catholic Diocese. Current state legislation provides auxiliary services funding to this parochial school. These monies are received and distributed on behalf of the parochial school by the Treasurer of the School District, as directed by the parochial school. The accounting for this parochial school is reflected in the auxiliary services fund, a special revenue fund of the School District.

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

Amherst Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY (continued)

The School District is associated with organizations which are defined as a jointly governed organizations. These organizations include the Lake Erie Educational Computer Association, the Lake Erie Regional Council of Governments, and the Lorain County Joint Vocational School District. These organizations are presented in Note 14 to the basic financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Amherst Exempted Village School District have been prepared in the conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Following are the more significant of the School District's accounting policies.

A. Basis of Presentation

The School District's basic financial statements consist of government-wide 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 School District as a whole. These statements include the financial activities of the primary government, except for the fiduciary funds.

The Statement of Net Assets presents the financial condition of the governmental activities of the School District at year-end. The Statement of Activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department, and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the School District, within certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School District.

Fund Financial Statements During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by fund type.

B. Fund Accounting

The School District uses funds to maintain its financial records during the fiscal year. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to certain School District functions or activities. A fund is defined as a fiscal and accounting entity with a self balancing set of accounts. The various funds of the School District are grouped into the categories governmental and fiduciary.

Amherst Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Governmental Funds Governmental funds are those through which most governmental functions typically are financed. Governmental funds focus on the sources, uses, and balances of current financial resource. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the School District's major governmental funds:

General Fund

The General Fund is the general operating fund of the School District and is used to account for all financial resources, not accounted for and reported in another fund. The General Fund is available to the School District for any purpose provided it is expended or transferred according to the school laws of Ohio.

Bond Retirement Fund

The Bond Retirement Fund is a debt service fund used to account for the accumulation of financial resources restricted, committed, or assigned for the payment of general long-term debt. The major source of revenue for this fund is tax levy proceeds.

The other governmental funds of the School District account for grants and other resources and capital projects whose use is restricted in a particular purpose

Fiduciary Fund

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and agency funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. In accordance with GASB 34, fiduciary funds are not included in the government-wide statements. The School District's fiduciary funds consist of a private purpose trust fund and an agency fund which are used to maintain financial activity of the School District's college scholarship donations and student managed activities.

C. Measurement Focus

Government-wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus. All assets and all liabilities associated with the operation of the School District are included on the Statement of Net Assets. The Statement of Activities presents increases (i.e. revenues) and decreases (i.e. expenses) in total net assets.

Fund Financial Statements All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The Statement of Revenues, Expenditures and Changes in Fund Balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Fiduciary funds also use the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual bases of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Amherst Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenues - Exchange and Non-Exchange Transactions Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. “Measurable” means the amount of the transaction can be determined. “Available” means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within sixty days of fiscal year end.

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 5). Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: property taxes available as an advance, certain grants, investment earnings, tuition, rentals and fees.

Deferred Revenue Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of June 30, 2011, but which were levied to finance fiscal year 2012 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

On the governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

Expenses/Expenditures On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

E. Budgetary Process

The budgetary process is prescribed by the provisions of the Ohio Revised Code and entails the preparations of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified.

Amherst Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

All funds, other than the agency fund, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution, and the certificate of estimated resources, 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 amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and set annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level. The Treasurer has been authorized to allocate Board appropriations to the functions and object level within each fund.

The certificate of estimated resources may be amended during the fiscal year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statement reflect the amounts in the certificate when the permanent appropriations for the fiscal year were passed. The amounts reported as the final budgeted amounts in the budgetary statement reflect the amounts in the amended certificate in effect when the final appropriations for the fiscal year were passed.

The appropriation resolution is subject to amendment by the Board throughout the fiscal year with the restriction that appropriations may not exceed estimated revenues. The amounts reported as the original budgeted amounts reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior fiscal years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the fiscal year.

F. Cash and Cash Equivalents

During fiscal year 2011, investments were limited to STAR Ohio, the State Treasurer's Investment Pool, money markets, and federal agency securities. Except for investment contracts and money market investments that had a remaining maturity of one year or less at the time of purchase, investments are reported at fair market value which is based on quoted market prices. Investment contracts and money market investments that had a remaining maturity of one year or less at the time of purchase are reported at cost or amortized cost.

The School District has invested funds in the State Treasury Asset Reserve of Ohio ("STAR Ohio") during fiscal year 2011. 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 on June 30, 2011.

Under existing Ohio statutes, the Governing Board may, by resolution, identify the funds to receive an allocation of interest earnings. During fiscal year 2011, the General Fund and Other Governmental Funds received interest in the amounts of \$22,720 and \$873, respectively.

For the fiscal year ended June 30, 2011, the School District reported \$268,004 in "Restricted Equity in pooled cash, cash equivalents and investments" on the balance sheet. This amount represents a reserve for set asides (capital improvements).

For presentation on the financial statements, investments with an original maturity of three months or less at the time they are purchased by the School District are considered to be cash equivalents. Investments with an initial maturity of more than three months that are not purchased from the pool are considered investments. All cash, cash equivalents and investments are reported on one line in the financial statements.

Amherst Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such restraints are either imposed by creditors, contributors, grantors, laws of other governments, or imposed by law through constitutional provisions or enabling legislation. Restricted assets include amounts required to be set aside by the School District for capital improvements.

H. Capital Assets

The School District’s only capital assets are general capital assets. General capital assets are those assets specifically related to governmental activities. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide Statement of Net Assets but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the fiscal year. Donated capital assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of five thousand dollars. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset’s life are not capitalized.

All reported capital assets, except land, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Description	Estimated Lives
Land Improvements	20 years
Buildings and Improvements	25 - 50 years
Furniture, Fixtures, Equipment and Textbooks	5 – 15 years
Vehicles	8 years

I. Interfund Balances

On the fund financial statements, receivables and payables resulting from short-term interfund loans are classified as “Interfund Receivables” and “Interfund Payables”. These amounts are eliminated in the governmental activities column of the statement of net assets.

J. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means.

Sick leave benefits are accrued as a liability using the termination method. The liability is based on an estimate of the amount of accumulated sick leave that will be paid as a termination benefit.

For governmental funds, compensated absences are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirement. These amounts are recorded in the account “matured compensated absences payable” in the funds from which the employee will be paid.

Amherst Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K. Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, claims and judgments and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are normally expected to be paid with expendable available financial resources. Bonds are recognized as a liability on the governmental fund financial statements when due.

L. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. None of the School District's net assets are restricted by enabling legislation.

The School District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

M. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The classifications are as follows:

Nonspendable The nonspendable fund balance classification includes amounts that cannot be spent because they are not in the spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash.

Restricted Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions.

Committed The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the School District Board of Education. Those committed amounts cannot be used for any other purpose unless the School District Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by policies of the School District Board of Education.

Unassigned Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

Amherst Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The School District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

N. Interfund Activity

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements. Interfund transactions are eliminated in the governmental activities column of the statement of activities.

O. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

NOTE 3 - BUDGETARY BASIS OF ACCOUNTING

While the School District is reporting financial position, results of operations and changes in fund balance on the basis of accounting principles generally accepted in the United States of America (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (Budgetary Basis) and Actual - presented for the General Fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP (modified accrual) basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance (GAAP basis).

The following table summarizes the adjustments necessary to reconcile the GAAP and budgetary basis statements for the General Fund.

	General
<i>GAAP Basis</i>	\$ 1,263,572
Net Adjustment for Revenues	(116,993)
Net Adjustment for Expenditures	(620,758)
Perspective Difference:	
Activity of Fund Reclassed for GAAP Reporting Purposes	63,161
Adjustment for Encumbrances	(300,371)
<i>Budget Basis</i>	\$ 288,611

Amherst Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

NOTE 4 - DEPOSITS AND INVESTMENTS

State statutes classify monies held by the School District into three categories.

Active deposits are public deposits necessary to meet current demand on the treasury. Such monies must be maintained either as cash in the School District 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 the Board of Education has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim 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.

Protection of the School District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the Treasurer by the financial institution, or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Interim monies may be deposited or invested in the following securities:

1. United States Treasury notes, bills, bonds, or other obligations of or securities issued by the United States Treasury or any other obligation guaranteed as to the payment of principal and interest by the United States;
2. Bonds, notes, debentures, or other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above, provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances for a period not to exceed one hundred eighty days and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time;
8. Linked deposits as authorized by ordinance adopted pursuant to section 135.80 of the Revised Code;

Amherst Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

NOTE 4 - DEPOSITS AND INVESTMENTS (continued)

9. Commercial paper notes issued by any entity that is defined in division (D) of section 1705.01 of the Revised Code and has assets exceeding five hundred million dollars, and to which notes are rated at the time of purchase in the highest classification established by at least two standard rating services; the aggregate value of the notes does not exceed ten percent of the aggregate value of the outstanding commercial paper of the issuing corporation; the notes mature no later than one hundred eighty days after purchase; and

11. Bankers' acceptances of banks that are members of the federal deposit insurance corporation to which obligations both the following apply: obligations are eligible for purchase by the federal reserve system and the obligations mature no later than one hundred eighty days after purchase.

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 School District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Deposits

Custodial credit risk is that in the event of a bank failure, the School District's deposits may not be returned to it. According to state law, public depositories must give security for all public funds on deposit in excess of those funds that are insured by the Federal Deposit Insurance Corporation (FDIC) or by any other agency or instrumentality of the federal government. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by the FDIC, or may pledge a pool of government securities valued at least 105% of the total value of public monies on deposit at the institution. The School District's policy is to deposit money with financial institutions that are able to abide by the laws governing insurance and collateral of public funds.

As of June 30, 2011, \$261,333 of the School District's bank balance of \$617,658 was covered by FDIC while the remaining balance of \$356,325 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the School District's name.

Investments

As of June 30, 2011, the School District had the following investments and maturities:

<u>Investment Type</u>	<u>Fair Value</u>	<u>1 Year Or Less</u>	<u>2 Years</u>
STAROhio	\$ 5,030,067	\$ 5,030,067	\$ -
Money Market	2,099,928	2,099,928	-
FFCB	853,400	853,400	-
FHLB	251,290	251,290	-
FNMA	250,248	-	250,248
FHLMC	251,662	251,662	-
Totals	\$ 8,736,595	\$ 8,486,347	\$ 250,248

Interest Rate Risk Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with its investment policy, the School District manages its exposure to declines in fair values by maintaining adequate liquidity to pay current obligations, diversification of maturities, and diversification of assets.

Amherst Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

NOTE 4 - DEPOSITS AND INVESTMENTS (continued)

Credit Risk Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The School District limits their investments to securities issued by federal government agencies or instrumentalities, and money market accounts. Investments in Federal Home Loan Mortgage Association Notes, Federal Home Loan Bank Notes, Federal National Mortgage Association Notes, and Federal Farm Credit Corp Notes were rated AAA by Standard & Poor's and Aaa by Moody's. Investments in money markets were rated AAA by Standard & Poor's and Aaa by Moody's. Investments in STAROhio were rated AAAM by Standard & Poor's.

Concentration of Credit Risk Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The School District's investment policy allows investments in STAROhio repurchase agreements, certificates of deposit or investments within financial institutions within the State of Ohio as designated by the Federal Reserve Board. The School District's places no limit on the amount that may be invested to any one issuer. The following table includes the percentage of total of each investment type held by the School District at June 30, 2011:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Percent of Total</u>
STAROhio	\$ 5,030,067	57.57%
Money Market	2,099,928	24.04%
FFCB	853,400	9.77%
FHLB	251,290	2.88%
FNMA	250,248	2.86%
FHLMC	251,662	2.88%
<i>Totals</i>	<u>\$ 8,736,595</u>	<u>100.00%</u>

Custodial Credit Risk Custodial credit risk is the risk that in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District's investment policy does not address custodial credit risk beyond the requirements of the Ohio Revised Code. All of the School District's securities are held in the name of the School District.

NOTE 5 - PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis while the School District fiscal year runs from July through June. First-half tax collections are received by the School District in the second half of the fiscal year. Second half distributions occur in the first half of the following fiscal year.

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the School District. Real property tax revenue received in calendar year 2011 represents collections of calendar year 2010 taxes. Real property taxes received in calendar year 2011 were levied after April 1, 2010, on the assessed value listed as of January 1, 2010, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, 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 revenue received in calendar year 2011 represents collections of calendar year 2010 taxes. Public utility real and tangible personal property taxes received in calendar year 2011 became a lien on December 31, 2009, were levied after April 1, 2010, and are collected in 2011 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Amherst Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

NOTE 5 - PROPERTY TAXES (Continued)

Tangible personal property tax revenue received during calendar year 2011 (other than public utility property tax) represents the collection of 2011 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. The October 2008 tangible personal property tax settlement was the last property tax settlement for general personal property taxes. Tangible personal property taxes received from telephone companies in calendar year 2011 were levied after April 1, 2010, on the value as of December 31, 2010. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

The School District receives property taxes from Lorain County. The County Auditors periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the Counties by June 30, 2011, are available to finance fiscal year 2011 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes delinquent taxes outstanding and real property, public utility property, and tangible personal property taxes which were measurable as of June 30, 2011 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

The amount available as an advance at June 30, 2011, was \$2,391,248, \$311,241, and \$148,755, to the General Fund, Bond Retirement fund, and other governmental funds, respectively.

On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis the revenue has been deferred.

The assessed values upon which the fiscal year 2011 taxes were collected are:

	<u>2010 Second Half Collections</u>		<u>2011 First Half Collections</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/Residential and Other Real Estate	\$ 571,745,870	98.21%	\$ 570,577,190	98.21%
Public Utility Personal	10,036,460	1.72%	10,423,840	1.79%
Tangible Personal Property	407,880	0.07%	-	0.00%
Total Assessed Value	<u>\$ 582,190,210</u>	<u>100.00%</u>	<u>\$ 581,001,030</u>	<u>100.00%</u>

Amherst Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

NOTE 6 - RECEIVABLES

Receivables at June 30, 2011 consisted of property taxes, interest, intergovernmental, and interfund amounts. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. All receivables are expected to be received within one year. A summary of the principal items of intergovernmental receivables follows:

<u>Governmental Activities</u>	<u>Amounts</u>
<i>General Fund</i>	\$130,018
<i>Other Governmental Funds:</i>	
Title I	69,343
Title VI-B	195,571
Title II-A	18,055
Title II-D	919
PreSchool	3,311
Race to the Top	74,489
Miscellaneous	<u>5,000</u>
Total Other Governmental Funds	<u>366,688</u>
Total Intergovernmental Receivables	<u>\$496,706</u>

NOTE 7 – INTERFUND TRANSACTIONS

Interfund balances at June 30, 2011 and transfers made during the fiscal year consist of the following:

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General	\$ 334,154	\$ -	\$ -	\$ 10,000
<i>Other Governmental Funds:</i>				
Education	-	-	10,000	-
Title I	-	69,343	-	-
Title VI-B IDEA	-	240,570	-	-
Title VI-B IDEA Early Childhood	-	3,312	-	-
Title II-A	-	18,054	-	-
Title II-D	-	920	-	-
Title II-D	-	1,955	-	-
Total Other Governmental Funds	-	334,154	10,000	-
Total All Funds	<u>\$ 334,154</u>	<u>\$ 334,154</u>	<u>\$ 10,000</u>	<u>\$ 10,000</u>

The primary purpose of the interfund balances is to cover costs in specific funds where revenues were not received by June 30. These interfund balances will be repaid once the anticipated revenues are received.

The interfund transfer is provided to subsidize another fund from the General Fund.

Amherst Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

NOTE 8 – RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. Settled claims have not exceeded this commercial coverage in any of the past three years. The School District provides life and accidental death and dismemberment insurance to its employees. Full time employees are covered to \$50,000, part time employees are covered to \$30,000. All administrators carry coverage equal to two times their calculated retirement salaries approximated to the nearest thousand.

For fiscal year 2011, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement ensures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Compmanagement provides administrative, cost control, and actuarial services to the GRP.

Health Insurance coverage is provided to its employees via a commercial third party health insurance agency. Health and prescription coverage was provided by Medical Mutual for this fiscal year. CIGNA will begin providing health and prescription coverage effective July 1, 2011. Dental and life is provided by Metlife Insurance Company.

NOTE 9 - CAPITAL ASSETS

A summary of the changes in general capital assets during fiscal year 2011 follows:

	<u>Balance 6/30/2010</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 6/30/2011</u>
Capital Assets:				
Capital Assets not being depreciated:				
Land	\$ 1,421,676	\$ -	\$ -	\$ 1,421,676
Total Capital Assets not being Depreciated	<u>1,421,676</u>	<u>-</u>	<u>-</u>	<u>1,421,676</u>
Depreciable Capital Assets:				
Land Improvements	2,214,555	-	-	2,214,555
Buildings and Improvements	34,725,955	7,088	-	34,733,043
Furniture, Fixtures, Equipment and Textbooks	968,298	38,295	(18,900)	987,693
Vehicles	<u>2,023,178</u>	<u>-</u>	<u>(104,572)</u>	<u>1,918,606</u>
Total Capital Assets being Depreciated	<u>39,931,986</u>	<u>45,383</u>	<u>(123,472)</u>	<u>39,853,897</u>
Less Accumulated Depreciation				
Land Improvements	(1,467,778)	(55,581)	-	(1,523,359)
Buildings and Improvements	(10,599,204)	(657,290)	-	(11,256,494)
Furniture, Fixtures, Equipment and Textbooks	(279,648)	(53,486)	17,444	(315,690)
Vehicles	<u>(1,692,489)</u>	<u>(124,116)</u>	<u>104,572</u>	<u>(1,712,033)</u>
Total Accumulated Depreciation	<u>(14,039,119)</u>	<u>(890,473)</u>	<u>122,016</u>	<u>(14,807,576)</u>
Total Capital Assets being Depreciated, Net	<u>25,892,867</u>	<u>(845,090)</u>	<u>(1,456)</u>	<u>25,046,321</u>
Capital Assets, Net	<u>\$ 27,314,543</u>	<u>\$ (845,090)</u>	<u>\$ (1,456)</u>	<u>\$ 26,467,997</u>

Amherst Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

NOTE 9 - CAPITAL ASSETS (Continued)

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$654,884
Special	16,204
Vocational	743
Support Services:	
Administration	2,229
Fiscal	1,099
Operation and Maintenance of Plant	40,570
Pupil Transportation	115,012
Operation of Non-Instructional Services	28,058
Extracurricular Activities	<u>31,674</u>
Total Depreciation Expense	<u>\$ 890,473</u>

NOTE 10 – EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vested vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified, full-time administrators and non-bargaining unit employees earn 10 to 25 days of vacation per year, depending upon length of service and hours worked. Accumulated unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers and elementary principals do not earn vacation time.

Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave accumulation for a year is fifteen days. Payment of one-third of the total sick leave accumulation is made to certified employees and one-half to classified employees, up to a maximum accumulation of 85 days upon retirement. Administrators are required to have 5 years of service with the District, while all other employees must have 10 years of service with the District to qualify for payment.

B. Life Insurance

The School District provides life insurance and accidental death and dismemberment insurance to most employees. Certified employees are provided with \$50,000 group life insurance coverage and classified are provided with \$30,000 group life insurance coverage for full-time employees. Life insurance is provided through Metlife Insurance Company.

NOTE 11 -DEFINED BENEFIT PENSION PLANS

School Employees Retirement System

The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement, disability, and survivor benefits; annual cost-of-living adjustments; and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling toll free (800) 878-5853. It is also posted on SERS' website, www.ohsers.org, under *Employers/Audit Resources*.

Amherst Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

NOTE 11 -DEFINED BENEFIT PENSION PLANS (continued)

Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. The Retirement Board acting with the advice of the actuary, allocates the employer contribution rate among four of the funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund) of the System. For fiscal year 2011, the allocation to pension and death benefits is 11.81 percent. The remaining 2.19 percent of the 14 percent employer contribution rate is allocated to the Health Care and Medicare B Fund. The School District's contributions to SERS which were allocated for pension and death benefits for the fiscal years ended June 30, 2011, 2010 and 2009 were \$695,095, \$798,702, and \$421,693, respectively; 37 percent of the required contribution has been made for fiscal year 2011 and 100 percent of the required contribution has been made for fiscal years 2010 and 2009. \$370,697 represents the unpaid contribution for fiscal year 2011 and is recorded as a liability within the respective funds.

State Teachers Retirement System

The School District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement system.

STRS Ohio is a statewide retirement plan for licensed teachers and other faculty members employed in the public schools of Ohio or any school, community school, college, university, institution or other agency controlled, managed and supported, in whole or in part, by the state or any political subdivision thereof.

Plan Options - New members have a choice of three retirement plan options. In addition to the Defined Benefit (DB) Plan, new members are offered a Defined Contribution (DC) Plan and a Combined Plan. The DC Plan allows members to allocate all their member contributions and employer contributions equal to 10.5 percent of earned compensation among various investment choices. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are allocated to investment choices by the member, and employer contributions are used to fund a defined benefit payment at a reduced level from the regular DB Plan. Contributions into the DC Plan and the Combined Plan are credited to member accounts as employers submit their payroll information to STRS Ohio, generally on a biweekly basis. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan.

DB Plan Benefits – Plan benefits are established under Chapter 3307 of the Revised Code. Any member may retire who has (i) five years of service credit and attained age 60; (ii) 25 years of service credit and attained age 55; or (iii) 30 years of service credit regardless of age. The annual retirement allowance, payable for life, is the greater of the “formula benefit” or the “money-purchase benefit” calculation. Under the “formula benefit,” the retirement allowance is based on years of credited service and final average salary, which is the average of the member’s three highest salary years. The annual allowance is calculated by using a base percentage of 2.2% multiplied by the total number of years of service credit (including Ohio-valued purchased credit) times the final average salary. The 31st year of earned Ohio service credit is calculated at 2.5%. An additional one-tenth of a percent is added to the calculation of every year of earned Ohio service over 31 years (2.6% for 32 years, 2.7% for 33 years and so on) until 100% of final average salary is reached. For members with 35 or more years of Ohio contributing service, the first 30 years will be calculated at 2.5% instead of 2.2%. Under the “money-purchase benefit” calculation, a member’s lifetime contributions plus interest at specified rates are matched by an equal amount from other STRS Ohio funds. This total is then divided by an actuarially determined annuity factor to determine the maximum annual retirement allowance.

DC Plan Benefits – Benefits are established under Sections 3307.80 to 3307.89 of the Revised Code. For members who select the DC Plan, all member contributions and employer contributions at a rate of 10.5% are placed in an investment account. The member determines how to allocate the member and employer money among various investment choices. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump-sum withdrawal. Employer contributions into members’ accounts are vested after the first anniversary of the first day of paid service. Members in the DC Plan who become disabled are entitled only to their account balance. If a member dies before retirement benefits begin, the member’s designated beneficiary is entitled to receive the member’s account balance.

Amherst Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

NOTE 11 -DEFINED BENEFIT PENSION PLANS (continued)

Combined Plan Benefits – Member contributions are allocated by the member, and employer contributions are used to fund a defined benefit payment. A member’s defined benefit is determined by multiplying 1% of the member’s final average salary by the member’s years of service credit. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60. The defined contribution portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50.

A retiree of STRS Ohio or another Ohio public retirement system is eligible for reemployment as a teacher following the elapse of two months from the date of retirement. Contributions are made by the reemployed member and employer during the reemployment. Upon termination of reemployment or age 65, whichever comes later, the retiree is eligible for an annuity benefit or equivalent lump-sum payment in addition to the original retirement allowance. A reemployed retiree may alternatively receive a refund of only member contributions with interest before age 65, once employment is terminated.

Benefits are increased annually by 3% of the original base amount for Defined Benefit Plan participants.

The Defined Benefit and Combined Plans offer access to health care coverage to eligible retirees who participated in the plans and their eligible dependents. Coverage under the current program includes hospitalization, physicians’ fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. By Ohio law, health care benefits are not guaranteed.

A Defined Benefit or Combined Plan member with five or more years’ credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. A death benefit of \$1,000 is payable to the beneficiary of each deceased retired member who participated in the Defined Benefit Plan. Death benefit coverage up to \$2,000 can be purchased by participants in the DB, DC or Combined Plans. Various other benefits are available to members’ beneficiaries.

Chapter 3307 of the Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers.

For the fiscal years ended June 30, 2011, 2009, and 2008, plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations.

The School District’s contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2011, 2010, and 2009 were \$2,385,184, \$2,237,009, and \$2,193,806, respectively; 82 percent of the required contribution has been made for fiscal year 2011 and 100 percent of the required contribution has been made for fiscal years 2010 and 2009. \$438,032 represents the unpaid contribution for fiscal year 2011 and is recorded as a liability within the respective funds.

STRS Ohio issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771 or by calling (888) 227-7877, or by visiting the STRS Ohio website at www.strsoh.org.

Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2011, two members of the Board of Education had elected Social Security. The Board's liability is 6.2 percent of wages paid.

Amherst Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

NOTE 12 - POSTEMPLOYMENT BENEFITS

State Teachers Retirement System

STRS Ohio administers a pension plan that is comprised of: a defined benefit plan; a self-directed defined contribution plan; and a combined plan which is a hybrid of the defined benefit and defined contribution plan.

Ohio law authorizes STRS Ohio to offer a cost-sharing, multiple-employer health care plan. STRS Ohio provides access to health care coverage to eligible retirees who participated in the defined benefit or combined plans. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. Pursuant to Section 3307 of the Ohio Revised Code, the Retirement Board has discretionary authority over how much, if any, of the associated health care costs will be absorbed by STRS Ohio. All benefit recipients, for the most recent year, pay a portion of the health care costs in the form of a monthly premium.

STRS Ohio issues a stand-alone financial report. Interested parties can view the most recent Comprehensive Financial Annual Report by visiting www.strsoh.org or by requesting a copy by calling toll-free 1-888-227-7877.

Under Ohio law, funding for post-employment health care may be deducted from employer contributions. Of the 14 percent employer contribution rate, 1 percent of covered payroll was allocated to post-employment health care for the years ended June 30, 2011, 2010 and 2009. The 14 percent employer contribution rate is the maximum rate established under Ohio law. For the School District, these amounts equaled \$182,954, \$168,402, and \$168,754 for fiscal years 2011, 2010, and 2009, respectively, which equaled the required allocation for each year.

School Employees Retirement System

In addition to a cost-sharing, multiple-employer defined benefit pension plan, the School Employees Retirement System (SERS) administers two post employment benefit plans.

Medicare Part B Plan

The Medicare B plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code 3309.69. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2011 was \$96.40 for most participants, but could be as high as \$369.10 per month depending on their income. SERS' reimbursement to retirees was \$45.50.

The Retirement Board, acting with the advice of the actuary, allocates a portion of the current employer contribution rate to the Medicare B Fund. For fiscal years 2011, 2010, and 2009, the actuarially required allocation was 0.76 percent, 0.76 percent, and 0.75 percent. For the School District, contributions for the years ended June 30, 2011, 2010, and 2009, were \$42,927, \$39,188, and \$30,618, which equaled the required allocation for those years.

Health Care Plan

Ohio Revised Code 3309.375 and 3309.69 permit SERS to offer health care benefits to eligible retirees and beneficiaries. SERS' Retirement Board reserves the right to change or discontinue any health plan or program. SERS offers several types of health plans from various vendors, including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively.

The Ohio Revised Code provides the statutory authority to fund SERS' post-employment benefits through employer contributions. Active members do not make contributions to the post-employment benefit plans.

Amherst Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

NOTE 12 - POSTEMPLOYMENT BENEFITS (continued)

The Health Care Fund was established under, and is administered in accordance with, Internal Revenue Code 105(e). Each year after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer 14 percent contribution to the Health Care Fund. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2011, the minimum compensation level was established at \$35,800. The surcharge, added to the unallocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. At June 30, 2011, 2010, and 2009, the health care allocations were 1.43 percent, 0.46 percent, and 4.16 percent, respectively. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2011, 2010, and 2009 fiscal years equaled \$178,358, \$119,697, and \$92,019, respectively, which is equal to the required allocation for those years. The SERS Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending upon the plan selected, qualified years of service, Medicare eligibility, and retirement status.

The financial reports of SERS' Health Care and Medicare B plans are included in its *Comprehensive Annual Financial Report*. The report can be obtained by contacting SERS, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling toll free (800) 878-5853. It is also posted on SERS' website at www.ohsers.org under *Employers/Audit Resources*.

NOTE 13 - LONG-TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 2011 were as follows:

	<i>Balance</i> <i>06/30/2010</i>	<i>Additions</i>	<i>Deductions</i>	<i>Balance</i> <i>06/30/2011</i>	<i>Amount Due</i> <i>In One Year</i>
<i>Non-Refunded General Obligation Bonds:</i>					
<i>2001 School Improvement 5.0%</i>	\$ 2,325,000	\$ -	\$ 1,125,000	\$ 1,200,000	\$ 1,200,000
<i>Energy Conservation Note 2002 5.0%</i>	700,000	-	100,000	600,000	100,000
<i>2006 Refunding Bonds 4.0% - 4.375%</i>					
<i>Maturing December 1, 2027:</i>					
<i>Serial and Term Bonds</i>	15,635,000	-	230,000	15,405,000	240,000
<i>Premium</i>	1,097,821	-	63,949	1,033,872	-
<i>Deferred Amount on Refunding</i>	(893,906)	-	(52,070)	(841,836)	-
<i>Capital Appreciation Bonds</i>	869,953	-	-	869,953	-
<i>Accretion on Bonds</i>	874,738	355,460	-	1,230,198	-
<i>Total 2006 Refunding Bonds</i>	17,583,606	355,460	241,879	17,697,187	240,000
<i>Compensated Absences</i>	3,485,034	2,805,503	2,426,847	3,863,690	43,331
<i>Total Long-Term Liabilities</i>	<u>\$ 24,093,640</u>	<u>\$ 3,160,963</u>	<u>\$ 3,893,726</u>	<u>\$ 23,360,877</u>	<u>\$ 1,583,331</u>

Compensated absences will be paid from the fund from which employee's salaries are paid with the General Fund being the most significant fund.

Amherst Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

NOTE 13 - LONG-TERM OBLIGATIONS (continued)

During May, 2001, the School District issued School Improvement bonds, in the amount of \$26,310,000, to finance the costs for the construction, furnishing and equipping of a new junior high school and construction additions to renovate, remodel, furnish, equip and otherwise improve Marion L. Steele High School, the existing Walter G. Nord junior high school and other facilities. The School Improvement bonds will be repaid with voted and unvoted general property taxes received into the bond retirement debt service fund, and will mature in December 1, 2017.

During August, 2001, the School District issued Energy Conservation notes in the amount of \$1,312,000. The notes were issued in accordance with House Bill 264 and were used to finance HVAC upgrades and other allowable energy conservation projects throughout the School District. These notes will also be paid with voted and unvoted general property taxes received into the General Fund and are scheduled to mature in December, 2017.

On August 30, 2006, the School District issued \$17,394,953 in general obligation bonds which include serial and capital appreciation bonds with interest rates varying from 4.0% - 4.375% for the serial bonds and 19.43% (4.0%-4.09% yield) for the capital appreciation bonds. The final amount of the 2006 capital appreciation bonds will be \$3,025,000. The bond proceeds consisted of bond principal and \$1,342,925 of premium. The net proceeds of \$18,488,480 (after payment of underwriting fees, insurance, and other issuance costs) was deposited in an irrevocable trust with an escrow agent to provide for future debt service payments of the portion of School Improvement Bonds refunded. As a result, the bonds are considered to be defeased and the liability is not reported by the School District. The difference between the reacquisition price and the net carrying amount of the old debt was not significant. The premium on the new debt was significant and is amortized over the life of the new bonds using the bonds outstanding method of amortization. The School District advance refunded the School Improvement Bonds to reduce their total debt payments over the next twenty years and to obtain an economic gain (difference between the present values of the debt services payments on the old and new debt) of \$601,736.

All bonds and notes are direct obligations of the School District for which its full faith and credit are pledged for repayment. The School District overall debt limitation was \$34,215,140 at June 30, 2011. The following is a summary of the School District's Future annual principal and interest requirements to retire the general obligation bonds and the energy conservation note:

Fiscal Year Ending June 30,	Non Refunding Bonds		Refunding Bonds		Capital Appreciation Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2012	\$ 1,200,000	\$ 30,000	\$ 240,000	\$ 640,394	\$ -	\$ -
2013	-	-	-	-	483,021	1,692,573
2014	-	-	-	-	386,932	1,733,660
2015	-	-	1,405,000	606,544	-	-
2016	-	-	1,395,000	549,594	-	-
2017-2021	-	-	6,445,000	1,888,350	-	-
2022-2026	-	-	4,955,000	734,374	-	-
2027	-	-	965,000	21,109	-	-
	<u>\$ 1,200,000</u>	<u>\$ 30,000</u>	<u>\$ 15,405,000</u>	<u>\$ 4,440,365</u>	<u>\$ 869,953</u>	<u>\$ 3,426,233</u>

Amherst Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

NOTE 13 - LONG-TERM OBLIGATIONS (continued)

Fiscal Year Ending June 30,	Energy Conservation Notes	
	Principal	Interest
2012	\$ 100,000	\$ 27,925
2013	100,000	23,100
2014	100,000	18,150
2015	100,000	13,075
2016	100,000	7,900
2017	100,000	2,650
Total	\$ 600,000	\$ 92,800

NOTE 14 – JOINTLY GOVERNED ORGANIZATIONS

A. Lake Erie Educational Computer Association

LEECA is a jointly governed computer service organization among thirty-one members in the Ohio counties of Cuyahoga, Lorain, Erie, Huron, and Medina. These members are comprised of various public school districts and educational service centers in the counties previously mention. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts. LEECA is organized under Chapter 167 and 3313 of the Ohio Revised Code. The Educational Service Center serves as a fiscal agent for LEECA and is one of the members mentioned above. LEECA is governed by an assembly which consists of a superintendent or designated representative from each participating member. LEECA has a Board of Directors chosen from the general membership of the LEECA Assembly which consists of a representative from the fiscal agent, chairmen of various committees, and at least one member from each participating county. The assembly exercises total control over the operation of the consortium including budgeting, appropriating, contracting and designating management. All the consortium revenues are generated from charges for services and State funding. The School District paid \$212,460 in fees to LEECA during fiscal year 2011. Financial information can be obtained by writing the Treasurer of the Educational Service Center of Lorain County, 1885 Lake Ave., Elyria, Ohio 44035.

B. Lake Erie Regional Council of Governments (LERC)

The Lake Erie Regional Council of Governments (LERC) is a jointly governed organization among 14 school districts. The jointly governed organization was formed for the purpose of promoting cooperative agreements and activities among its members in dealing with problems of mutual concern such as media center, natural gas consumption, food service and health and life insurance. Each member provides operating resources to LERC on a per-pupil or actual charge except for insurance. The LERC assembly consists of a superintendent or designated representative from each participating school district and the fiscal agent. LERC is governed by the Board of Directors chosen from the general membership. The degree of control exercised by any participating school district is limited to its representation on the board. In fiscal year 2011, the School District contributed \$201,331 to LERC. Financial information can be obtained by contacting the Treasurer of the Lorain County Educational Service Center, who serves as the fiscal agent, at 1885 Lake Avenue, Elyria, Ohio 44035.

C. Lorain County Joint Vocational School District

The Lorain County Joint Vocational School is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the participating school district's elected boards, which possess its own budgeting and taxing authority. The degree of control exercised by any participating school district is limited to its representation on the board. During fiscal year 2011, the School District did not pay any money to the Lorain County Joint Vocational School District. Financial Information can be obtained by contacting the Treasurer of the Lorain County Joint Vocational School District, 15181 State Route 58, Oberlin, Ohio 44074.

Amherst Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

NOTE 15 – RELATED ORGANIZATIONS

The Amherst Public Library (the “Library”) is a distinct and political subdivision of the State of Ohio governed by a Board of Trustees. The Board of Trustees, appointed by the Board of Education, possesses its own contracting and budgeting authority, hires and fires personnel, and does not depend on the School District for operational subsidies. Although the School District does serve as a taxing authority and issues related debt on behalf of the Library, its role is limited to ministerial function. The determination to request approval of a tax, the rate, and the purpose are discretionary decisions made solely by the Library Board of Trustees. The Library is not considered part of the School District and its operations are not included within the accompanying financial statements. Financial information can be obtained by contacting the Clerk-Treasurer of the Amherst Public Library at 221 Spring Street, Amherst, Ohio 44001.

NOTE 16 – CONTINGENCIES

Grants

The School District receives financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2011.

Litigation

The School District is not currently party to any legal proceedings.

NOTE 17 – SET-ASIDE CALCULATIONS

The School District is required by State statute to annually set aside, in the General fund, an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by year-end or offset by similarly restricted resources received during the year must be held in cash at year-end and carried forward to be used for the same purposes in future years.

The following cash basis information describes the change in the year-end set-aside amounts for textbooks and instructional materials and capital improvements. Disclosure of this information is required by State statute.

	Textbooks and Instructional Materials		Capital Improvements
Set-aside Reserve Balance as of June 30, 2010	\$ 190,223		\$ 187,074
Current Year Set-aside Requirement	-	(1)	611,053
Current Year Qualifying Expenditures	(584,244)		(530,123)
Total	\$ (394,021)		\$ 268,004
Balance Carried Forward to Fiscal Year 2012	\$ (394,021)		\$ 268,004
Set-aside Reserve Balance as of June 30, 2011	\$ -		\$ 268,004

(1) The School District received a waiver for the current year set-aside requirement for textbooks and instructional materials from the Ohio Department of Education.

Amherst Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

NOTE 18 – CHANGES IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF BALANCES

For fiscal year 2011, the School District has implemented Governmental Accounting Standard Board (GASB) Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions.”

GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The implementation of this statement resulted in the reclassification of certain funds, and resulted in the following restatement of the School District’s financial statements:

	General	Bond Retirement	All Other Governmental	Total
Fund Balances, June 30, 2010	\$2,848,079	\$1,235,766	\$873,231	\$4,957,076
GASB 54 Fund Reclassifications	198,369	0	(247,071)	(48,702)
Restated Fund Balances, June 30, 2010	<u>\$3,046,448</u>	<u>\$1,235,766</u>	<u>\$626,160</u>	<u>\$4,908,374</u>
			Governmental Activities	Private Purpose Trust
Net Assets, June 30, 2010			9,014,329	\$0
GASB 54 Fund Reclassifications			(48,702)	48,702
Net Assets, Restated June 30, 2010			<u>\$8,965,627</u>	<u>\$48,702</u>

NOTE 19 - COMMITMENTS

The School District utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year-end are reservations of fund balance for subsequent-year expenditures and may be reported as part of restricted, committed or assigned classifications of fund balance on the balance sheet. As of June 30, 2011, the School District’s significant commitments for encumbrances in the governmental funds were as follows:

Fund	Outstanding Balance
General Fund	\$264,198
Other Governmental Funds	218,406

Amherst Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2011

NOTE 20 – FUND BALANCES

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on the fund balance for the major governmental funds and all other governmental funds are presented below:

Fund Balances	General	Bond Retirement	Nonmajor Governmental Funds	Total Governmental Funds
Nonspendable				
Inventory	0	0	22,853	22,853
Restricted for				
Food Service Operations	0	0	301,002	301,002
Other Purposes	0	0	92,064	92,064
Federal Programs	0	0	10,062	10,062
Athletics	0	0	56,320	56,320
Capital Projects	0	0	824,942	824,942
Capital Improvements	268,004	0	0	268,004
Debt Services Payments	0	1,335,844	0	1,335,844
Total Restricted	<u>268,004</u>	<u>1,335,844</u>	<u>1,284,390</u>	<u>2,888,238</u>
Assigned to				
Other Purposes	398,629	0	0	398,629
Unassigned (Deficit)	<u>3,643,387</u>	<u>0</u>	<u>(310,600)</u>	<u>3,332,787</u>
Total Fund Balances	<u>\$4,310,020</u>	<u>\$1,335,844</u>	<u>\$996,643</u>	<u>\$6,642,507</u>

**AMHERST EXEMPTED VILLAGE SCHOOL DISTRICT
LORAIN COUNTY, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2011**

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Grantor Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
U.S. Department of Agriculture						
Passed through Ohio Department of Education						
<i>Child Nutrition Cluster:</i>						
National School Breakfast Program	10.553	050674-05PU-09	\$ 41,172	\$ 0	\$ 41,172	\$ 0
National School Lunch Program-See Note 2	10.555	050674-LLP4-09	<u>374,975</u>	<u>59,596</u>	<u>374,975</u>	<u>59,596</u>
<i>Total Child Nutrition Cluster</i>			<u>416,147</u>	<u>59,596</u>	<u>416,147</u>	<u>59,596</u>
Total U.S. Department of Agriculture			<u>416,147</u>	<u>59,596</u>	<u>416,147</u>	<u>59,596</u>
U.S. Department of Education						
Passed through Ohio Department of Education						
<i>Title I Grant Cluster:</i>						
Title I - Financial Assistance to Meet Special Education Needs of Disadvantaged Children						
Title I, Part A, ESEA	84.010		<u>291,628</u>	<u>0</u>	<u>296,942</u>	<u>0</u>
ARRA - Title I, Part A, ESEA, Recovery Act	84.389		<u>115,093</u>	<u>0</u>	<u>105,854</u>	<u>0</u>
<i>Total Title I Grant Cluster</i>			<u>406,721</u>	<u>0</u>	<u>402,796</u>	<u>0</u>
<i>Special Education Cluster:</i>						
Special Education Grants to States - IDEA, Part B	84.027		<u>696,182</u>	<u>0</u>	<u>722,338</u>	<u>0</u>
ARRA - Special Education Grants to States, Recovery Act	84.391		<u>239,531</u>	<u>0</u>	<u>244,809</u>	<u>0</u>
Special Education Pre-School	84.173		<u>16,538</u>	<u>0</u>	<u>17,257</u>	<u>0</u>
ARRA-Special Education Pre-School, Recovery Act	84.392		<u>3,247</u>	<u>0</u>	<u>4,677</u>	<u>0</u>
<i>Total Special Education Cluster</i>			<u>955,498</u>	<u>0</u>	<u>989,081</u>	<u>0</u>
Race to the Top	84.395		<u>1,288</u>	<u>0</u>	<u>1,288</u>	<u>0</u>
Education Technology State Grants, Title II-D	84.318		<u>252</u>	<u>0</u>	<u>42</u>	<u>0</u>
Improving Teacher Quality State Grants, Title II-A	84.367		<u>93,148</u>	<u>0</u>	<u>97,155</u>	<u>0</u>
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394		<u>1,241,388</u>	<u>0</u>	<u>1,241,388</u>	<u>0</u>
Total U.S. Department of Education			<u>2,698,295</u>	<u>0</u>	<u>2,731,750</u>	<u>0</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 3,114,442</u>	<u>\$ 59,596</u>	<u>\$ 3,147,897</u>	<u>\$ 59,596</u>

See accompanying notes to Supplemental Schedule of Expenditures of Federal Awards.

**AMHERST EXEMPTED VILLAGE SCHOOL DISTRICT
LORAIN COUNTY, OHIO
NOTES TO THE SUPPLEMENTAL SCHEDULE OF
EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2011**

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Federal Awards summarizes activity of the District's federal award programs. The Schedule has been prepared on the cash basis of accounting.

NOTE 2: CHILD NUTRITION CLUSTER

Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first.

NOTE 3: FOOD DONATION PROGRAM

Program regulations do not require the District to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. This non-monetary assistance (expenditures) is reported in the Schedule at the fair value of the commodities received.

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Ohio Society of Certified Public Accountants

**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF
FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS**

Board of Education
Amherst Exempted Village School District
Amherst, Ohio

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Amherst Exempted Village School District, Lorain County, Ohio, as of and for the year ended June 30, 2011, which collectively comprise the Amherst Exempted Village School District, Ohio's basic financial statements and have issued our report thereon dated November 16, 2011, wherein we noted that the District adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Amherst Exempted Village School District, Ohio's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Amherst Exempted Village School District, Ohio's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Amherst Exempted Village School District, Ohio's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.


Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

We noted certain matters that we reported to the management of the Amherst Exempted Village School District, Ohio, in a separate letter dated November 16, 2011.

This report is intended solely for the information and use of management, the Board of Education, others within the entity, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.


James G. Zupka, CPA, Inc.
Certified Public Accountants

November 16, 2011

JAMES G. ZUPKA, C.P.A., INC.

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5240 East 98th Street

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**REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A
DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Education
Amherst Exempted Village School District
Amherst, Ohio

Compliance

We have audited the Amherst Exempted Village Local School District, Lorain County, Ohio's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Amherst Exempted Village School District, Ohio's major federal programs for the year ended June 30, 2011. The Amherst Exempted Village School District, Ohio's major federal programs are identified in the Summary of Auditors' Results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the Amherst Exempted Village School District, Ohio's management. Our responsibility is to express an opinion on the Amherst Exempted Village School District, Ohio's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Amherst Exempted Village School District, Ohio's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Amherst Exempted Village School District, Ohio's compliance with those requirements.

In our opinion, the Amherst Exempted Village School District, Ohio complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.


Internal Control Over Compliance

Management of the Amherst Exempted Village School District, Ohio, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Amherst Exempted Village School District, Ohio's internal control over compliance with requirements that could have a direct and material effect on a major federal program to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Amherst Exempted Village School District, Ohio's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the Board of Education, others within the entity, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.


James G. Zupka, CPA, Inc.
Certified Public Accountants

November 16, 2011

**AMHERST EXEMPTED VILLAGE SCHOOL DISTRICT
LORAIN COUNTY, OHIO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 & §.505
JUNE 30, 2011**

1. SUMMARY OF AUDITOR'S RESULTS

2011(i)	Type of Financial Statement Opinion	Unqualified
2011(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
2011(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
2011(iii)	Was there any reported noncompliance at the financial statement level (GAGAS)?	No
2011(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
2011(iv)	Were there any other significant deficiencies in internal control reported for major federal programs?	No
2011(v)	Type of Major Program's Compliance Opinion	Unqualified
2011(vi)	Are there any reportable findings under .510?	No
2011(vii)	Major Programs (list): Special Education Cluster: Special Education - Grants to States, CFDA #84.027 ARRA - Special Education - Grants to States, Recovery Act, CFDA #84.391 Special Education Pre-School, CFDA # 84.173 ARRA - Special Education Pre-School, Recovery Act, CFDA # 84.392 State Fiscal Stabilization Fund Cluster: ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act, CFDA #84.394 Title I Cluster: Title I - Financial Assistance to Meet Special Education Needs of Disadvantaged Children, CFDA # 84.010 ARRA - Title I, Part A, ESEA, Recovery Act, CFDA #84.389	
2011(viii)	Dollar Threshold: Type A\B Program	Type A: \$300,000 or more Type B: All others less than \$300,000
2011(ix)	Low Risk Auditee?	Yes

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

**AMHERST EXEMPTED VILLAGE SCHOOL DISTRICT
LORAIN COUNTY, OHIO
SCHEDULE OF PRIOR AUDIT FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2011**

Management letter recommendations as of June 30, 2010, have been corrected, repeated, or procedures instituted to prevent occurrences in this audit period.

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**INDEPENDENT ACCOUNTANT'S REPORT ON
APPLYING AGREED-UPON PROCEDURES**

Amherst Exempted Village School District
185 Forest Street
Amherst, Ohio 44001

To the Board of Education:

Ohio Revised Code Section 117.53 states, "the Auditor of State shall identify whether the school district or community school has adopted an anti-harassment policy in accordance with Section 3313.666 of the Revised Code. This determination shall be recorded in the audit report. The Auditor of State shall not prescribe the content or operation of any anti-harassment policy adopted by a school district or community school."

Accordingly, we have performed the procedures enumerated below, which were agreed to by the Board, solely to assist the Board in evaluating whether the Amherst Exempted Village School District (the District), Lorain County, Ohio, has updated its anti-harassment policy in accordance with Ohio Revised Code Section 3313.666. Management is responsible for complying with this requirement. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the Board. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

1. We noted the Board amended its anti-harassment policy at its meeting on November 27, 2010 to include violence within a dating relationship within its definition of harassment, intimidation, or bullying.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance with the anti-harassment policy. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended for the information and use of the Board and is not intended to be and should not be used by anyone other than these specified parties.



James G. Zupka, CPA, Inc.
Certified Public Accountants

November 16, 2011



Dave Yost • Auditor of State

AMHERST EXEMPTED VILLAGE SCHOOL DISTRICT

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
JANUARY 17, 2012**