

Amherst Exempted Village School District

Lorain County

Single Audit

July 1, 2007 Through June 30, 2008

Fiscal Year Audited Under GAGAS: 2008



Balestra, Harr & Scherer, CPAs, Inc.

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Mary Taylor, CPA
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 Balestra, Harr & Scherer, CPAs, Inc., for the audit period July 1, 2007 through June 30, 2008. 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.

Mary Taylor

Mary Taylor, CPA
Auditor of State

April 3, 2009

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Amherst Exempted Village School District

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor’s Report	1
Management’s Discussion and Analysis.....	3
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets	10
Statement of Activities	11
Fund Financial Statements:	
Balance Sheet – Governmental Funds.....	12
Reconciliation of Total Governmental Fund Balances To Net Assets of Governmental Activities	13
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds.....	14
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	15
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Budgetary Basis) – General Fund.....	16
Statement of Fiduciary Net Assets – Fiduciary Funds	17
Notes to the Basic Financial Statements	18
Schedule of Federal Awards Receipts and Expenditures.....	42
Notes to Schedule of Federal Awards Receipts and Expenditures	43
Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	44
Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance With OMB Circular A-133	46
Schedule of Findings and Questioned Costs OMB Circular A-133 §.505	48

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Member American Institute of Certified Public Accountants

Ohio Society of Certified Public Accountants

Independent Auditor's Report

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

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, (the School District), Lorain County, Ohio, as of and for the year ended June 30, 2008, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School District'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 Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe 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 School District, as of June 30, 2008, and the respective changes in financial position thereof, and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

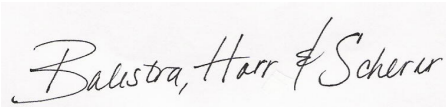
In accordance with *Government Auditing Standards*, we have also issued our report dated February 20, 2009 on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting and compliance, that report describes the scope of our testing, internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

The Management's Discussion and Analysis on pages 3 through 10 is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Members of the Board
Amherst Exempted Village School District
Independent Auditor's Report
Page 2

We conducted our audit to opine on the financial statements that collectively comprise the School District's basic financial statements. The accompanying Schedule of Federal Awards Receipts and Expenditures 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

As described in Note 19 to the basic financial statements, the School District implemented Governmental Accounting Standards Board (GASB) Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, and GASB Statement No. 50, *Pension Disclosures—an amendment of GASB Statements No. 25 and No. 27*.



Balestra, Harr & Scherer, CPAs, Inc.

February 20, 2009

Amherst Exempted Village School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
(Unaudited)

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, 2008. 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 2008 are as follows:

- In total, net assets decreased by \$2,680,569.
- Revenues for governmental activities totaled \$36,289,968 during 2008. Of this total, 90 percent consisted of General revenues while Program revenues accounted for the balance of 10 percent.
- Program expenses totaled \$38,970,537. 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 the *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 explain how services were financed in the short-term as well as what remains 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 debt service fund is 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 2008?" 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
For the Fiscal Year Ended June 30, 2008
(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 that are available for spending in future periods. These funds are reported using an accounting method called *modified accrual accounting*, which measures cash and all other financial assets that can readily be 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 you 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 fund balances for the general fund which is considered to be a major fund. 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 and debt service 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 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 financial statements begin on page 18.

Amherst Exempted Village School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
(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 2008 compared to 2007:

Table 1
Net Assets

	<i>Governmental Activities</i>	
	<i>2008</i>	<i>2007</i>
Assets		
Current and Other Assets	\$22,807,776	\$25,791,857
Capital Assets, Net	28,167,829	28,964,437
<i>Total Assets</i>	50,975,605	54,756,294
Liabilities		
Current and Other Liabilities	18,081,645	18,237,235
Long-term Liabilities:		
Due Within One Year	1,317,567	1,572,238
Due in More than One Year	24,460,864	25,150,723
<i>Total Liabilities</i>	43,860,076	44,960,196
Net Assets		
Invested in Capital Assets, Net of Debt	5,638,707	5,434,100
Restricted	2,364,542	2,790,360
Unrestricted	(887,720)	1,571,638
<i>Total Net Assets</i>	\$ 7,115,529	\$ 9,796,098

Total assets decreased by \$3,780,689. The majority of the decrease can be attributed to cash and cash equivalents, property taxes receivable and capital assets decreasing. Due to the personal property tax abolishment the district has suffered a great revenue loss. November 2008, the School District placed a new operating levy on the ballot to offset such losses. The levy passed and the School District will have increased property tax revenues in the future.

Total liabilities decreased by \$1,110,120. This decrease can be attributed mainly to the annual principal retirement expenditures made on the District's long-term debt obligations.

By comparing assets and liabilities, one can see the overall position of the School District will improve due to the passage of the operating levy November, 2008.

The vast majority of revenue supporting all governmental activities is general revenue. General revenue totaled \$32,551,674 or 90 percent of the total revenues. The most significant portion of general revenues is local property tax and grants and entitlements not restricted to specific programs. The remaining amount of revenue received was in the form of program revenues, which equated to \$3,738,294 or 10 percent of total revenue.

Amherst Exempted Village School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
(Unaudited)

Table 2 shows the changes in net assets and compares revenue and expenses from fiscal year 2008 to fiscal year 2007. A comparative analysis of government-wide data is presented.

Table 2
Changes in Net Assets

	<i>Governmental Activities 2008</i>	<i>Governmental Activities 2007</i>
Revenues	<u> </u>	<u> </u>
Program Revenues:		
Charges for Services	\$2,065,155	\$2,197,327
Operating Grants and Contributions	1,673,139	1,412,923
Capital Grants and Contributions	0	29,602
	<u> </u>	<u> </u>
<i>Total Program Revenues</i>	<u>3,738,294</u>	<u>3,639,852</u>
General Revenues:		
Property Taxes	13,551,924	13,569,099
Grants and Entitlements	18,445,110	17,717,412
Investments	454,015	504,194
Miscellaneous	100,625	23,047
	<u> </u>	<u> </u>
<i>Total General Revenues</i>	<u>32,551,674</u>	<u>31,813,752</u>
	<u> </u>	<u> </u>
<i>Total Revenues</i>	<u>36,289,968</u>	<u>35,453,604</u>
Program Expenses		
Instruction		
Regular	18,257,894	17,835,601
Special	4,700,902	4,131,579
Vocational	362,819	473,251
Support Services:		
Pupil	1,469,116	1,476,551
Instructional Staff	1,727,391	1,566,794
Board of Education	16,805	11,455
Administration	2,873,082	2,717,012
Fiscal	638,779	673,023
Operation and Maintenance	3,785,625	3,519,018
Pupil Transportation	1,519,622	1,171,271
Operating of Non-Instructional Services	1,749,475	1,743,519
Extracurricular Activities	714,736	662,390
Debt Service:		
Interest and Fiscal Charges	1,154,291	941,697
	<u> </u>	<u> </u>
<i>Total Program Expenses</i>	<u>38,970,537</u>	<u>36,923,161</u>
	<u> </u>	<u> </u>
<i>Decrease in Net Assets</i>	<u>(2,680,569)</u>	<u>(1,469,557)</u>
	<u> </u>	<u> </u>
<i>Net Assets Beginning of Year</i>	<u>9,796,098</u>	<u>11,265,655</u>
	<u> </u>	<u> </u>
<i>Net Assets End of Year</i>	<u>\$7,115,529</u>	<u>\$9,796,098</u>

Amherst Exempted Village School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
(Unaudited)

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.

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.

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 2008 to fiscal year 2007. That is, it identifies the cost of those services supported by tax revenue and unrestricted State entitlements. Comparisons of 2008 to 2007 have been made in Table 3.

Table 3
Governmental Activities

	<i>Total Cost of Services 2008</i>	<i>Net Cost of Services 2008</i>	<i>Total Cost of Services 2007</i>	<i>Net Cost of Services 2007</i>
Instruction				
Regular	\$18,257,894	\$17,839,372	\$17,287,803	\$17,409,639
Special	4,700,902	3,772,020	3,455,912	3,232,177
Vocational	362,819	362,819	458,335	473,251
Support Services:				
Pupils	1,469,116	1,383,027	1,435,667	1,400,744
Instructional Staff	1,727,391	1,641,302	1,571,369	1,472,754
Board of Education	16,805	16,805	11,823	11,455
Administration	2,873,082	2,803,627	2,871,002	2,659,048
Fiscal	638,779	638,779	644,883	673,023
Operation and Maintenance	3,785,625	3,767,625	3,614,250	3,496,518
Pupil Transportation	1,519,622	1,518,103	1,226,580	1,171,271
Operation of Non-Instructional Services	1,749,475	91,345	1,640,795	19,211
Extracurricular Activities	714,736	243,128	722,701	322,521
Interest and Fiscal Charges	1,154,291	1,154,291	1,280,226	941,697
<i>Total</i>	<u>\$38,970,537</u>	<u>\$35,232,243</u>	<u>\$36,221,346</u>	<u>\$33,283,309</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 10 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, 2008
(Unaudited)

The School District's Funds

Information regarding the School District's major funds can be found on page 20 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 sources of \$36,058,158 and expenditures and other financing uses totaled \$39,161,887. The General Fund balance decreased \$2,449,854. The most significant causes to the decrease in the general fund balance was from the recognition of early retirement incentive payments, costs associated with an increase in student enrollment, and operational costs resulting from the opening of new school buildings. For the bond retirement debt service fund, which is the only other major fund, fund balance decreased \$43,508, which is primarily due to debt retirement.

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 2008, 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, final and original budget basis revenue including other financing sources was \$31,100,523. Actual receipts exceeded this estimate by \$128,907, due primarily to more collections in intergovernmental receipts. Final appropriations including other financing uses of \$33,664,920 were \$695,011 higher than the \$32,969,909 in the original budget. The increase can be attributed to additional appropriations made to special instruction due to the unpredictable cost related to special needs children.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2008, the School District had \$28,167,829 invested in land, buildings, and equipment. Table 4 shows fiscal year 2008 balances compared with 2007.

Table 4
Capital Assets at June 30
(Net of Depreciation)

	<i>Governmental Activities</i>	
	<i>2008</i>	<i>2007</i>
Land	\$1,241,537	\$1,241,537
Land Improvements	2,214,555	2,200,305
Buildings and Improvements	34,725,955	34,725,955
Furniture and Fixtures	852,837	797,631
Vehicles	1,756,338	1,756,338
Accumulated Depreciation	(12,623,393)	(11,757,329)
<i>Totals</i>	\$28,167,829	\$28,964,437

The \$796,608 decrease in capital assets reflects depreciation exceeding additional purchases.

Amherst Exempted Village School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
(Unaudited)

Debt

At June 30, 2008 the School District had \$22,756,747 in bonds outstanding with \$1,295,000 due within one year. During fiscal year 2007, the School District advanced refunded their general obligation bonds. Table 5 summarizes bonds outstanding.

Table 5
Outstanding Debt, at June 30

	<i>Governmental Activities</i>	
	<i>2008</i>	<i>2007</i>
Non-Refunded General Obligation Bonds	\$4,355,000	\$5,265,000
Advanced Refunded Bonds	16,297,667	16,514,546
Capital Appreciation Bonds	1,204,080	1,000,292
Energy Conservation Notes	900,000	990,000
	\$22,756,747	\$23,769,838
<i>Totals</i>		

At June 30, 2008, the School District's overall debt margin was \$28,461,133. The School District was last rated by Moody's Investor's Services with an Aaa bond rating.

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 operations. 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 increased at an inflationary rate of 2.2 to 3.0 percent per year for future years, however the cost of doing business factor has been eliminated when computing state funding which will have a negative effect on the funds received from the State. The affect of a property reappraisal will have a negative affect on the State's share of per pupil funding. With 60 percent of the revenue for the School District coming from property taxes, one can see the significant impact this constraint would have on the School District and ultimately, the residential taxpayers.

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 over the next several years.

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, 2008

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$7,563,779
Inventory Held for Resale	15,113
Materials and Supplies Inventory	65,596
Accrued Interest Receivable	32,117
Intergovernmental Receivable	253,749
Taxes Receivable	14,649,797
Noncurrent Assets:	
Deferred Charges	227,625
Non-Depreciable Capital Assets	1,241,537
Depreciable Capital Assets, net	26,926,292
<i>Total Assets</i>	<u>50,975,605</u>
Liabilities	
Accounts Payable	133,870
Accrued Wages and Benefits	3,652,057
Intergovernmental Payable	1,063,961
Accrued Interest Payable	79,408
Matured Compensated Absences Payable	690,665
Deferred Revenue	12,461,684
Long-Term Liabilities:	
Due Within One Year	1,317,567
Due in More Than One Year	24,460,864
<i>Total Liabilities</i>	<u>43,860,076</u>
Net Assets	
Invested in Capital Assets, Net of Related Debt	5,638,707
Restricted for Debt Service	1,177,201
Restricted for Capital Outlay	434,824
Restricted for Other Purposes	644,039
Restricted for Set Asides	108,478
Unrestricted	(887,720)
<i>Total Net Assets</i>	<u><u>\$7,115,529</u></u>

See Accompanying Notes to the Basic Financial Statements

Amherst Exempted Village School District

Statement of Activities

For the Fiscal Year Ended June 30, 2008

	<u>Program Revenues</u>			
	<u>Expenses</u>	<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Net (Expenses) Revenue and Changes in Net Assets</u>
Governmental Activities				
Instruction:				
Regular	\$18,257,894	\$214,606	\$203,916	(\$17,839,372)
Special	4,700,902	283,718	645,164	(3,772,020)
Vocational	362,819	0	0	(362,819)
Support Services:				
Pupils	1,469,116	0	86,089	(1,383,027)
Instructional Staff	1,727,391	0	86,089	(1,641,302)
Board of Education	16,805	0	0	(16,805)
Administration	2,873,082	0	69,455	(2,803,627)
Fiscal	638,779	0	0	(638,779)
Operation and Maintenance of Plant	3,785,625	0	18,000	(3,767,625)
Pupil Transportation	1,519,622	0	1,519	(1,518,103)
Operation of Non-Instructional Services	1,749,475	1,136,965	521,165	(91,345)
Extracurricular Activities	714,736	429,866	41,742	(243,128)
Debt Service:				
Interest and Fiscal Charges	1,154,291	0	0	(1,154,291)
Totals	<u>\$38,970,537</u>	<u>\$2,065,155</u>	<u>\$1,673,139</u>	<u>(35,232,243)</u>

General Revenues

Property Taxes Levied for:	
General Purposes	11,776,441
Debt Service Fund	1,775,483
Grants and Entitlements not Restricted to Specific Programs	18,445,110
Investment Earnings	454,015
Miscellaneous	100,625
Total General Revenues	<u>32,551,674</u>
Change in Net Assets	(2,680,569)
Net Assets Beginning of Year	<u>9,796,098</u>
Net Assets End of Year	<u><u>\$7,115,529</u></u>

See Accompanying Notes to the Basic Financial Statements

Amherst Exempted Village School District

*Balance Sheet
Governmental Funds
June 30, 2008*

	<i>General Fund</i>	<i>Bond Retirement Fund</i>	<i>Other Governmental Funds</i>	<i>Total Governmental Funds</i>
<i>Assets</i>				
Equity in Pooled Cash and Cash Equivalents	\$5,015,386	\$961,302	\$1,448,815	\$7,425,503
Inventory Held for Resale	0	0	15,113	15,113
Materials and Supplies Inventory	60,519	0	5,077	65,596
Accrued Interest Receivable	32,117	0	0	32,117
Interfund Receivable	226,715	0	0	226,715
Intergovernmental Receivable	0	0	253,749	253,749
Taxes Receivable	12,084,243	1,919,839	645,715	14,649,797
Restricted Assets:				
Restricted Cash and Cash Equivalents	138,276	0	0	138,276
<i>Total Assets</i>	<u>\$17,557,256</u>	<u>\$2,881,141</u>	<u>\$2,368,469</u>	<u>\$22,806,866</u>
<i>Liabilities</i>				
Accounts Payable	\$104,515	\$0	\$29,355	\$133,870
Accrued Wages and Benefits	3,402,742	0	249,315	3,652,057
Intergovernmental Payable	977,982	0	85,979	1,063,961
Interfund Payable	0	0	226,715	226,715
Matured Compensated Absences Payable	682,036	0	8,629	690,665
Deferred Revenue	10,546,407	1,665,303	791,626	13,003,336
<i>Total Liabilities</i>	<u>15,713,682</u>	<u>1,665,303</u>	<u>1,391,619</u>	<u>18,770,604</u>
<i>Fund Balances</i>				
Reserved for Encumbrances	327,785	0	258,036	585,821
Reserved for Property Taxes	1,537,836	254,536	80,803	1,873,175
Reserved for Textbooks and Instructional Material	138,276	0	0	138,276
Unreserved, Undesignated, Reported in:				
General Fund	(160,323)	0	0	(160,323)
Special Revenue Funds	0	0	491,896	491,896
Debt Service Fund	0	961,302	0	961,302
Capital Projects Funds	0	0	146,115	146,115
<i>Total Fund Balances</i>	<u>1,843,574</u>	<u>1,215,838</u>	<u>976,850</u>	<u>4,036,262</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$17,557,256</u>	<u>\$2,881,141</u>	<u>\$2,368,469</u>	<u>\$22,806,866</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
June 30, 2008

Total Governmental Fund Balances	\$4,036,262
 <i>Amounts reported for governmental activities in the statement of net assets are different because:</i>	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	28,167,829
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:	
Grants	226,714
Property Taxes	314,938
Total	541,652
In the statement of activities, interest is accrued on outstanding bonds whereas in governmental funds, an interest expense is reported when due.	(79,408)
In the statement of activities, bond issuance cost are amortized over the life of the bonds, whereas in governmental funds, bond issuance expenses is reported when due.	227,625
Long-term liabilities, including compensated absences, are not due and payable in the current period and therefore are not reported in the funds.	
General Obligation Bonds	(4,355,000)
Advance Refunded Bonds	(16,297,667)
Capital Appreciation Bonds	(1,204,080)
Energy Conservation Bonds	(900,000)
Compensated Absences	(3,021,684)
Total	(25,778,431)
Net Assets of Governmental Activities	\$7,115,529

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, 2008

	General Fund	Bond Retirement Fund	Other Governmental Funds	Total Governmental Funds
Revenues				
Property Taxes	\$11,160,479	\$1,771,968	\$591,882	\$13,524,329
Intergovernmental	18,097,042	239,507	1,359,337	19,695,886
Interest	435,604	0	18,411	454,015
Tuition and Fees	283,718	0	146,751	430,469
Rent	1,650	0	0	1,650
Extracurricular Activities	345,348	0	158,321	503,669
Gifts and Donations	266	0	64,272	64,538
Customer Sales and Services	1,087	0	1,129,306	1,130,393
Miscellaneous	97,621	0	133,088	230,709
Total Revenues	30,422,815	2,011,475	3,601,368	36,035,658
Expenditures				
Current:				
Instruction:				
Regular	17,035,309	0	539,340	17,574,649
Special	4,015,072	0	643,446	4,658,518
Vocational	357,961	0	2,913	360,874
Support Services:				
Pupils	1,348,372	0	82,681	1,431,053
Instructional Staff	1,655,516	0	88,659	1,744,175
Board of Education	16,805	0	0	16,805
Administration	2,841,186	0	65,000	2,906,186
Fiscal	596,638	32,702	17,309	646,649
Operation and Maintenance of Plant	3,214,859	0	582,738	3,797,597
Pupil Transportation	1,109,865	0	314,044	1,423,909
Operation of Non-Instructional Services:				
Food Service Operations	0	0	1,485,971	1,485,971
Community Services	0	0	242,364	242,364
Extracurricular Activities	522,968	0	169,770	692,738
Debt Service:				
Principal	90,000	1,115,000	0	1,205,000
Interest and Fiscal Charges	45,618	907,281	0	952,899
Total Expenditures	32,850,169	2,054,983	4,234,235	39,139,387
Excess of Revenues Under Expenditures	(2,427,354)	(43,508)	(632,867)	(3,103,729)
Other Financing Sources (Uses)				
Transfers In	0	0	22,500	22,500
Transfers Out	(22,500)	0	0	(22,500)
Total Other Financing Sources (Uses)	(22,500)	0	22,500	0
Net Change in Fund Balances	(2,449,854)	(43,508)	(610,367)	(3,103,729)
<i>Fund Balances Beginning of Year-As Restated- See Note 3</i>	4,293,428	1,259,346	1,587,217	7,139,991
Fund Balances End of Year	\$1,843,574	\$1,215,838	\$976,850	\$4,036,262

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, 2008*

Net Change in Fund Balances - Total Governmental Funds (\$3,103,729)

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

Governmental funds report capital outlay 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	69,456	
Depreciation	(866,064)	
<i>Total</i>		(796,608)

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

Delinquent Property Taxes	227,608	
Grants	26,702	
<i>Total</i>		254,310

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. (203,788)

Repayment of bonds principal is an expenditure 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	
Refunded Bonds Payments	205,000	
Non-Refunded Bonds Payments	910,000	
Energy Conservation Bonds Payments	90,000	
<i>Total</i>		1,268,949

In the statement of activities, interest and bond issuance costs is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. (31,142)

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. (68,561)

Changes in Net Assets of Governmental Activities (\$2,680,569)

See Accompanying Notes to the Basic Financial Statements

Amherst Exempted Village School District
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2008

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
Revenues				
Property Taxes	\$12,338,044	\$12,338,044	\$11,944,673	(\$393,371)
Intergovernmental	17,702,644	17,702,644	18,099,659	397,015
Interest	425,000	425,000	454,507	29,507
Tuition and Fees	259,775	259,775	283,718	23,943
Rent	3,600	3,600	1,650	(1,950)
Extracurricular Activities	340,600	340,600	345,348	4,748
Gifts and Donations	5,000	5,000	266	(4,734)
Miscellaneous	25,860	25,860	99,609	73,749
Total Revenues	31,100,523	31,100,523	31,229,430	128,907
Expenditures				
Current:				
Instruction:				
Regular	17,155,299	17,157,860	17,110,150	47,710
Special	3,684,863	4,138,789	4,113,577	25,212
Vocational	462,838	434,648	404,402	30,246
Support Services:				
Pupils	1,435,306	1,533,467	1,443,696	89,771
Instructional Staff	1,515,098	1,540,740	1,519,853	20,887
Board of Education	11,918	17,117	16,848	269
Administration	2,814,874	2,879,881	2,698,101	181,780
Fiscal	659,638	646,631	599,640	46,991
Operation and Maintenance of Plant	3,263,346	3,237,551	3,225,208	12,343
Pupil Transportation	1,120,441	1,135,980	1,121,409	14,571
Central	0	10,209	10,204	5
Extracurricular Activities	542,269	547,213	528,707	18,506
Debt Service:				
Principal	88,400	90,000	90,000	0
Interest and Fiscal Charges	51,219	45,618	45,618	0
Total Expenditures	32,805,509	33,415,704	32,927,413	488,291
Excess of Revenues Under Expenditures	(1,704,986)	(2,315,181)	(1,697,983)	617,198
Other Financing Sources (Uses)				
Advances In	0	0	140,660	140,660
Transfers Out	(23,700)	(22,500)	(22,500)	0
Advances Out	(140,700)	(226,716)	(226,716)	0
Total Other Financing Sources (Uses)	(164,400)	(249,216)	(108,556)	140,660
Net Change in Fund Balance	(1,869,386)	(2,564,397)	(1,806,539)	757,858
Fund Balance Beginning of Year	6,212,067	6,212,067	6,212,067	0
Prior Year Encumbrances Appropriated	312,510	312,510	312,510	0
Fund Balance End of Year	\$4,655,191	\$3,960,180	\$4,718,038	\$757,858

See Accompanying Notes to the Basic Financial Statements

Amherst Exempted Village School District
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2008

	<u><i>Agency Fund</i></u>
<i>Assets</i>	
Equity in Pooled Cash and Cash Equivalents	\$112,973
Taxes Receivable	<u>299,155</u>
<i>Total Assets</i>	<u><u>\$412,128</u></u>
<i>Liabilities</i>	
Intergovernmental Payable	\$299,155
Due to Students	<u>112,973</u>
<i>Total Liabilities</i>	<u><u>\$412,128</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, 2008

Note 1 - Description of the School District and Reporting Entity

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 171 non-certified employees and 276 certified full time teaching personnel and administrators, who provide services to 4,280 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

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the School District consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For Amherst Exempted Village 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 16 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. There are no component units of the School District.

Amherst Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

Note 1 - Description of the School District and Reporting Entity (continued)

Reporting Entity (continued)

The School District is associated with organizations which are defined as a jointly governed organizations and public entity risk pools. 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 Notes 16 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 conformity with generally accepted accounting principles (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. The School District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental activities provided they do not conflict with or contradict GASB pronouncements. 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 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, with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each business segment or governmental function is self-financing or draws from the general revenues of the District.

Fund Financial Statements During the 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.

Amherst Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

Note 2 - Summary of Significant Accounting Policies (continued)

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.

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 is the School District's major governmental fund:

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

Bond Retirement Fund The bond retirement fund is a debt service fund and is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

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

Fiduciary Funds 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. The agency funds reflect resources that belong to the student bodies of the various schools, accounting for sales and other revenue generating activities. The School District has a private purpose trust fund which accounts for scholarships and an agency fund which accounts for student 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.

Amherst Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

Note 2 - Summary of Significant Accounting Policies (continued)

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.

Like the government-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net assets. The statement of changes in fund assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the School District finances the cash flow of its internal service fund.

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. Governmental funds use the modified accrual basis of accounting. Fiduciary funds also use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue and in the presentation of expenses versus expenditures.

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 and "available" means collectible within the current fiscal year or 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.

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include income and property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 6). 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 nonexchange 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, grants, investment earnings, tuition, rentals and fees.

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

Amherst Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

Note 2 - Summary of Significant Accounting Policies (continued)

Property taxes for which there is an enforceable legal claim as of June 30, 2008, but which were levied to finance fiscal year 2009 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

Expenditures/Expenses On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported on the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue. 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 provisions of the Ohio Revised Code and entails the preparation 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.

All funds, other than agency funds, 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 revenues establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board of Education's authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control set 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 function and object level within each fund.

The certificate of estimated resources may be amended during the 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 statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the final certificate of estimated resources issued during fiscal year 2008.

The appropriation resolution is subject to amendment by the Board of Education throughout the year with the restriction that appropriations may not exceed estimated revenues. The amounts reported as original budgeted amounts reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during fiscal year 2008.

Amherst Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

Note 2 - Summary of Significant Accounting Policies (continued)

F. Cash and Cash Equivalents

During fiscal year 2008, investments were limited to certificates of deposit, 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 2008. 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, 2008.

Under existing Ohio statutes, the Governing Board may, by resolution, identify the funds to receive an allocation of interest earnings. During fiscal year 2008, the general fund, food service special revenue fund, and auxiliary services special revenue fund received interest respectively; \$435,604, \$17,254 and \$1,157. The general fund interest includes \$252,650 assigned from other School District funds.

For the fiscal year ended June 30, 2008, the School District reported \$138,276 in "Equity in pooled cash and cash equivalents (restricted)" on the balance sheet. This amount represents a reserve for textbooks and instructional materials.

For presentation on the financial statements, investments of the cash management pool and 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 reported as investments.

G. Restricted Assets

Assets are reported as restricted when limitations on their use change the normal understanding of the availability of the assets. Such restraints are imposed by creditors, contributors, grantors, or laws of other governments or by enabling legislation. Restricted assets include amounts required to be set aside by the School District for the acquisition or construction of capital assets and to create a reserve for budget stabilization.

H. Inventory

Inventories are presented at cost on a first-in, first-out basis and are expensed/expended when used. Inventories consist of donated and purchased food, and supplies held for consumption and are expensed when used.

Amherst Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

Note 2 - Summary of Significant Accounting Policies (continued)

I. Capital Assets

The School District's only capital assets are general capital assets. General capital assets are capital assets which are associated with and generally arise from 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 on the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and reductions during the year. Donated capital assets are recorded at their fair market values as of the date received. The School District capitalization threshold is \$5,000. 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, other than land and construction in progress, 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:

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	20 years
Buildings and Buildings Improvements	25 to 50 years
Furniture and Fixtures	5 – 15 years
Vehicles	8 years

J. Interfund Balances

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

K. 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 reported in the account "Matured Compensated Absences Payable" in the funds from which the employees will be paid.

Amherst Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

Note 2 - Summary of Significant Accounting Policies (continued)

L. 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, compensated absences, special termination benefits and contractually required pension contributions 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 fund financial statements when due.

M. 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.

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

N. Fund Balance Reserves

The School District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund balance reserves are established for property taxes and encumbrances, textbooks and instructional supplies, and capital improvements.

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute.

O. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the School District, these revenues are charges for services for self-insurance programs. Operating expenses are necessary costs incurred to provide the good or services that is the primary activity of the fund. All revenues and expenses not meeting these definitions are reported as non-operating.

Amherst Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

Note 2 - Summary of Significant Accounting Policies (continued)

P. 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.

Q. Estimates

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

R. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the School District and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during 2008.

Note 3 – Restatement of Prior Year Fund Balance

The general fund balance was restated from \$3,350,353 to \$4,293,428, an increase of \$943,075. The increase can be attributed to the School District changing from a self insured health insurance program to one in which the school district purchases coverage from a commercial insurance company to provide health insurance coverage to their qualifying employees. The \$943,075 amount represents the balance remaining in the self-insurance fund after all the self-insurance claims and operating expenses had been paid.

Note 4 - Budgetary Basis of Accounting

While the School District is reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (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 (Non-GAAP 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 the modified accrual basis of generally accepted accounting principles are that:

1. Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures and other financing uses 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).

Amherst Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

Note 4 - Budgetary Basis of Accounting (continued)

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

	<u><i>General</i></u>
<i>GAAP Basis</i>	(\$2,449,854)
Net Adjustment for Revenues	806,615
Advances In	140,660
Net Adjustment for Expenditures	350,557
Advances Out	(226,716)
Adjustment for Encumbrances	(427,801)
<i>Budget Basis</i>	<u>(\$1,806,539)</u>

Note 5 - Deposits and Investments

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

Active deposits are public deposits necessary to meet current demands 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 two 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 invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

Amherst Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

Note 5 - Deposits and Investments (continued)

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 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
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 (STAROhio);
7. Certain banker's acceptances and commercial paper notes for a period not to exceed one hundred and eighty days from the purchase date in the amount not to exceed twenty-five percent of the interim moneys available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Deposits:

Custodial credit risk is the risk that, in the event of bank failure, the School District's deposits may not be returned. The School District does not have a deposit policy for custodial credit risk. At fiscal year end, the carrying amount of the School District's deposits was (\$366,412) bank balance was \$167,023. The bank balance was covered by federal depository insurance.

Investments:

As of June 30, 2008, the School District had the following investments and maturities:

<i>Investment Type</i>	<i>Fair Value</i>	<i>1 Year</i>		
		<i>Or Less</i>	<i>2 Year</i>	<i>3 Years</i>
STAROhio	\$2,760,931	\$2,760,931	\$0	\$0
Money Market	130,019	130,019	0	0
FFCB	493,906	0	493,906	0
FHLB	377,812	0	377,812	0
FNMA	1,742,444	248,225	749,765	744,454
FHLMC	1,835,228	1,084,403	251,484	499,341
<i>Totals</i>	<u>\$7,340,340</u>	<u>\$4,223,578</u>	<u>\$1,872,967</u>	<u>\$1,243,795</u>

The weighted average maturity of the investment is 1.59 years

Amherst Exempted Village School District

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2008

Note 5 - Deposits and Investments (continued)

Interest Rate Risk. As a means of limiting its exposure to fair value losses arising from rising interest rates and according to state law, the School District's investment policy limits investment portfolio maturities to five years or less.

Credit Risk. The School District's investments, except for STAR Ohio and money market funds, were rated AAA and Aaa by Standard & Poor's and Moody's Investor Services, respectively. Standard & Poor's has assigned STAR Ohio and the money market funds a rating of AAAM.

Concentration of Credit Risk. 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, 2008:

<i>Investment Type</i>	<i>Fair Value</i>	<i>Percent Or Total</i>
STAROhio	\$2,760,931	37.61%
Money Market	130,019	1.77
FFCB	493,906	6.73
FHLB	377,812	5.15
FNMA	1,742,444	23.74
FHLMC	1,835,228	25.00
<i>Totals</i>	<u>\$7,340,340</u>	<u>100.00%</u>

Note 6 - Property Taxes

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

Property taxes include amounts levied against all real, public utility, and tangible personal (used in business) property located in the School District. Real and public utility property tax revenues received in calendar year 2008 represents collections of calendar year 2007 taxes. Real property taxes received in calendar year 2008 were levied after April 1, 2007, on the assessed value listed as of January 1, 2007, the lien date. Assessed values for real property taxes are established by State statute at thirty-five percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2008 represents collections of calendar year 2007 taxes. Public utility real and tangible personal property taxes received in calendar year 2008 became a lien December 31, 2009, were levied after April 1, 2007 and are collected in 2008 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, 2008

Note 6 - Property Taxes (continued)

Tangible personal property tax revenue received during calendar 2008 (other than public utility property) represents the collection of 2008 taxes. Tangible personal property taxes received in calendar year 2008 were levied after April 1, 2007, on the values as of December 31, 2007. Tangible personal property is currently assessed at twenty-three percent of true value for capital assets and twenty-four percent of true value for inventory. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. 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 Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2008, are available to finance fiscal year 2008 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, 2008 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, 2008, was \$1,537,836, \$254,536, \$75,620, and \$5,183 to the general fund, debt service fund, permanent improvement capital project fund, and the special levy special revenue fund, 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 2008 taxes were collected are:

	<i>2008 First</i>		<i>2007 Second</i>	
	<i>Amount</i>	<i>Percent</i>	<i>Amount</i>	<i>Percent</i>
Agricultural/Residential and Other Real Estate	\$573,885,500	97.27%	\$555,198,650	95.66%
Public Utility Personal	9,549,500	1.62	11,828,380	2.04
Tangible Personal Property	6,559,165	1.11	13,317,093	2.30
	<u>\$589,994,165</u>	<u>100.00%</u>	<u>\$580,344,123</u>	<u>100.00%</u>

Amherst Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

Note 7 - Receivables

Receivables at June 30, 2008, consisted of property taxes, accounts (rent, tuition and fees), intergovernmental grants, and interfunds. 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 collected within one year. A summary of the principal items of intergovernmental receivables follows:

<u>Governmental Activities</u>	<u>Amounts</u>
<i>Other Governmental Funds:</i>	
Title IV	\$5,753
Title V	6,833
IDEA – VI-B	190,861
IDEA-B Early Education	6,560
Title II-A	16,707
Food Service Fund	27,035
<i>Total Other Governmental Funds</i>	253,749
 <i>Total Intergovernmental Receivables</i>	 \$253,749

Note 8 - Interfund Transactions

Interfund balances at June 30, 2008 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>
<i>General</i>	\$226,715	\$0	\$0	\$22,500
<i>Other Governmental Funds:</i>				
Public School Support	0	0	12,500	0
Education Foundation	0	0	10,000	0
Drug Free	0	5,753	0	0
Gifted	0	6,833	0	0
Title VI-B	0	190,861	0	0
IDEA-B Early Childhood	0	6,560	0	0
Improving Teacher Quality	0	16,708	0	0
<i>Total Other Governmental Funds</i>	0	226,715	22,500	0
<i>Total All Funds</i>	\$226,715	\$226,715	\$22,500	\$22,500

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.

Interfund balances between governmental funds are eliminated on the government-wide financial statements; therefore, no internal balances at June 30, 2008 are reported on the statement of net assets.

The transfer to the public school support special revenue fund is required as part the negotiated agreement. Based on the agreement, a purchase credit will be provided to each teacher who has not incurred an absence due to sick leave, personal business, or payroll deduction. The transfer to the education foundation special revenue fund, as authorized under Ohio Revised Code Section 3315.40, accounts for monies to be expended on operating or capital costs of any existing or new and innovative program designed to enhance or promote education within the School District, such as scholarships for students or teachers.

Amherst Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

Note 9 - 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. There has been no significant reduction in coverage from prior years.

The School District provides life and accidental death and dismemberment insurance to its employees. Full time certified employees are covered to \$30,000. Coverage for part time certificated employees is prorated. Full-time classified employees are covered to \$25,000 and part time employees are covered to \$7,500. All administrators carry coverage equal to two times their calculated retirement salaries approximated to the nearest thousand.

For fiscal year 2008, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (G.P.), an insurance purchasing pool. The intent of the G.P. 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 G.P. 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 G.P. Each participant pays its workers' compensation premium to the State based on the rate for the G.P. 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 G.P. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the G.P. Participation in the G.P. is limited to school districts that can meet the G.P.'s selection criteria. The firm of Sheakley Unicorp Inc. provides administrative, cost control and actuarial services of the G.P.

Health insurance coverage is provided to its employees via a commercial third party health insurance agency, effective September 1, 2006. Health and prescription coverage is provided by Medical Mutual. Dental and life is provided by Guardian Life Insurance Company.

Amherst Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

Note 10 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2008, was as follows:

	<u>Balance at</u> <u>6/30/07</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at</u> <u>6/30/08</u>
<i>Governmental Activities:</i>				
<i>Capital Assets, not being depreciated:</i>				
Land	\$1,241,537	\$0	\$0	\$1,241,537
<i>Total Capital Assets, not being depreciated</i>	<u>1,241,537</u>	<u>0</u>	<u>0</u>	<u>1,241,537</u>
<i>Capital Assets, being depreciated:</i>				
Land Improvements	2,200,305	14,250	0	2,214,555
Buildings and Improvements	34,725,955	0	0	34,725,955
Furniture and Fixtures	797,631	55,206	0	852,837
Vehicles	1,756,338	0	0	1,756,338
<i>Total Capital Assets, being depreciated</i>	<u>39,480,229</u>	<u>69,456</u>	<u>0</u>	<u>39,549,685</u>
<i>Less Accumulated Depreciation:</i>				
Land Improvements	(1,310,357)	(42,129)	0	(1,352,486)
Buildings and Improvements	(8,623,040)	(663,278)	0	(9,286,318)
Furniture and Fixtures	(466,258)	(53,330)	0	(519,588)
Vehicles	(1,357,674)	(107,327)	0	(1,465,001)
<i>Total Accumulated Depreciation</i>	<u>(11,757,329)</u>	<u>(866,064)</u>	<u>0</u>	<u>(12,623,393)</u>
<i>Governmental Activities Capital Assets, Net</i>	<u>\$28,964,437</u>	<u>(\$796,608)</u>	<u>\$0</u>	<u>\$28,167,829</u>

Depreciation expense was charged to governmental functions as follows:

<i>Instruction:</i>	
Regular	\$660,845
Special	15,988
Vocational	733
<i>Support Services:</i>	
Administration	6,402
Operation and Maintenance of Plant	24,310
Pupil Transportation	91,495
Operation of Non-Instructional Services	30,044
Extracurricular Activities	36,247
Total Depreciation Expense	<u>\$866,064</u>

Amherst Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

Note 11 - 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 20 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. All 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 \$30,000 group life insurance coverage and classified are provided with \$25,000 group life insurance coverage for full-time employees and \$7,500 for part-time employees. Life insurance is provided through Guardian Life Insurance Company.

Note 12 - Defined Benefit Pension Plans

A. School Employee 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 and disability 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 43215-3476.

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. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2008, 9.16 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2008, 2007 and 2006 were \$413,367, \$423,520, and \$464,520 respectively; 45.58 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

Amherst Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

Note 12 - Defined Benefit Pension Plans(continued)

B. 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 provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3371, by calling (614) 227-4090, or by visiting the STRS Ohio Web site at www.strs.org.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

A DB 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. 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.

For the fiscal year ended June 30, 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. For fiscal year 2007, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2008, 2007, and 2006 were \$2,136,346, \$2,042,976, and \$2,047,381, respectively; 84.93 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System of Ohio have an option to choose Social Security or the School Retirement System. As of June 30, 2008, three members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages.

Amherst Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

Note 13 – Postemployment Benefits

A. School Employee Retirement System

The School District participates in two cost-sharing multiple employer defined benefit OPEB plans administered by the School Employees Retirement System for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746.

State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For 2008, 4.18 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2008, this amount was \$89,312.

Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

The School District's contributions for health care for the fiscal years ended June 30, 2008, 2007, and 2006 were \$188,632, \$140,609, and \$162,108 respectively; 45.58 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2008, this actuarially required allocation was 0.66 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2008, 2007, and 2006 were \$29,784, \$28,799, and \$36,972 respectively; 45.58 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

B. State Teachers Retirement System

Plan Description – The School District contributes to the cost sharing multiple employer defined benefit Health Plan administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which may be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2008, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The School District's contributions for health care for the fiscal years ended June 30, 2008, 2007, and 2006 were \$164,257, \$157,152, and \$157,491 respectively; 84.05 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

Amherst Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

Note 14- Long-Term Obligations

Changes in long-term obligations of the School District during fiscal year 2008 were as follows:

	<i>Balance</i> <u>6/30/07</u>	<i>Additions</i>	<i>Deductions</i>	<i>Balance</i> <u>6/30/08</u>	<i>Amounts Due</i> <i>In One Year</i>
<i>Non-Refunded General Obligations Bonds</i>					
<i>2001 School Improvement 5.0%</i>	\$5,265,000	\$0	(\$910,000)	\$4,355,000	\$980,000
<i>Energy Conservation Note 2002 5.0%</i>	990,000	0	(90,000)	900,000	100,000
<i>2006 Refunded Bonds 4.0% – 4.375%</i>					
<i>Maturing December 1, 2027 :</i>					
<i>Serial and Term Bonds</i>	16,275,000	0	(205,000)	16,070,000	215,000
<i>Premium</i>	239,546	0	(11,879)	227,667	0
<i>Capital Appreciation Bonds</i>	869,953	0	0	869,953	0
<i>Accretion on Bonds</i>	130,339	203,788	0	334,127	0
<i>Total 2006 Refunding Bonds</i>	17,514,838	203,788	(216,879)	17,501,747	215,000
<i>Compensated Absences</i>	2,953,123	91,128	(22,567)	3,021,684	22,567
<i>Total Governmental Activities</i>					
<i>Long-Term Liabilities</i>	<u>\$26,722,961</u>	<u>\$294,916</u>	<u>(\$1,239,446)</u>	<u>\$25,778,431</u>	<u>\$1,317,567</u>

Compensated absences will be paid from the fund from which employee's are paid.

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. Steel 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 receipted 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 receipted into the general fund and are scheduled to mature in December, 2017.

Amherst Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

Note 14- Long-Term Obligations(continued)

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 service 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 \$32,059,058 at June 30, 2008.

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:

<i>Fiscal Year Ending June 30,</i>	<i>Non Refunded Bonds</i>		<i>Refunded Bonds</i>		<i>Capital Appreciation Bonds</i>	
	<i>Principal</i>	<i>Interest</i>	<i>Principal</i>	<i>Interest</i>	<i>Principal</i>	<i>Interest</i>
2009	\$980,000	\$184,136	\$215,000	\$667,494	\$0	\$0
2010	1,050,000	136,538	220,000	658,794	0	0
2011	1,125,000	86,720	230,000	649,793	0	0
2012	1,200,000	30,000	240,000	640,394	0	0
2013	0	0	0	0	483,021	1,692,573
2014-2018	0	0	5,550,000	2,074,595	386,932	1,733,660
2019-2023	0	0	5,700,000	1,390,182	0	0
2024-2027	0	0	3,915,000	335,192	0	0
<i>Total</i>	<i>\$4,355,000</i>	<i>\$437,394</i>	<i>\$16,070,000</i>	<i>\$6,416,444</i>	<i>\$869,953</i>	<i>\$3,426,233</i>

<i>Fiscal Year Ending June 30,</i>	<i>Energy Conservation Notes</i>	
	<i>Principal</i>	<i>Interest</i>
2009	\$100,000	\$41,675
2010	100,000	37,300
2011	100,000	32,650
2012	100,000	27,925
2013	100,000	23,100
2014-2017	400,000	41,775
<i>Total</i>	<i>\$900,000</i>	<i>\$204,425</i>

Amherst Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

Note 15 - Jointly Governed Organizations

A. Lake Erie Educational Computer Association (LEECA)

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 mentioned. 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 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 \$261,854 in fees to LEECA during fiscal year 2008. 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 fourteen 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 a 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 2008, the School District contributed \$203,690 to LERC. Financial information can be obtained by contacting the Treasurer at 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 2008, 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, 2008

Note 16 – Related Organizations

The Amherst Public Library (the “Library”) is a distinct 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 the taxing authority and issues tax related debt on behalf of the Library, its role is limited to a 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 17 - Contingencies

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, 2008.

Note 18 - Set-Asides

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 purpose in future years.

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

	<i>Textbook Reserve</i>	<i>Capital Acquisition*</i>
<i>Set-Aside Cash Balance as of June 30, 2007</i>	\$64,521	(\$24,814,407)
Current Year Set-Aside Requirement	649,846	649,846
Qualifying Disbursements	(576,091)	(693,803)
<i>Total</i>	\$138,276	(\$24,858,364)
<i>Set-Aside Cash Balance as of June 30, 2008</i>	\$138,276	(\$24,858,364)

* The beginning set-aside reserve balance was restated for the capital acquisition reserve to properly show offsets for securities issued in 2001 for capital improvements.

Amherst Exempted Village School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008

Note 19 – Changes in Accounting Principles

For fiscal year 2008, the District implemented GASB Statement No. 50, “Pension Disclosures-an amendment of GASB Statements No. 25 and No. 27,” and GASB Statement No. 45, “Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions.” GASB Statement No. 50 more closely aligns the financial reporting requirements for pensions with those for other postemployment benefits (OPEB) and, in doing so, enhances information disclosed in the notes to the financial statements or presented as required supplementary information (RSI) by pension plans and by employers that provide pension benefits. GASB Statement No. 45 establishes standards for the measurement, recognition, and display of OPEB expense/expenditures and related liabilities (assets), note disclosures, and if applicable, required supplementary information (RSI) in the financial reports of state and local governmental employers. The application of these new standards had no effect on the financial statements, nor did their implementation require a restatement of prior year balances.

Amherst Exempted Village School District
Lorain County

Schedule of Federal Awards Receipts and Expenditures
For the Year Ended June 30, 2008

Federal Grantor/ Pass Through Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Disbursements
United States Department of Agriculture				
<i>Passed through Ohio Department of Education</i>				
National School Lunch Program	LLP4	10.555	231,541	231,541
Total United States Department of Agriculture - Nutrition Cluster			231,541	231,541
United States Department of Education				
<i>Passed through Ohio Department of Education</i>				
Special Education Cluster:				
Special Education Grants to States	6BSF	84.027	788,418	853,524
Special Education Preschool Grants	PGS1	84.173	19,618	21,153
Total Special Education Cluster			808,036	874,677
Safe and Drug-Free Schools and Communities State Grants	DRS1	84.186	1,839	7,197
State Grants for Innovative Programs	C2S1	84.298	3,008	5,874
Improving Teacher Quality State Grants	TRS1	84.367	81,047	85,274
Total United States Department of Education			893,930	973,022
Total Federal Financial Assistance			<u>\$ 1,125,471</u>	<u>\$ 1,204,563</u>

See Notes to the Schedule of Federal Awards Receipts and Expenditures.

**AMHERST EXPEMTED VILLAGE SCHOOL DISTRICT
LORAIN COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Receipts and Expenditures (the Schedule) is a summary of the activity of the District's federal award programs. The Schedule has been prepared on the cash basis of accounting.

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**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***

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

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, (the District), as of and for the year ended June 30, 2008, and have issued our report thereon dated February 20, 2009, in which we indicate that the School District implemented GASB Statements No. 45 and No. 50. 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 Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School District'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 do not opine on the effectiveness of the School District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the School District's internal control over financial reporting.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the School District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the School District's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

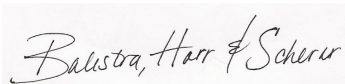
A material weakness is a significant deficiency, or combination of significant deficiencies, resulting in more than a remote likelihood that the School District's internal control will not prevent a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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 reasonably assuring whether the School District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have directly and materially effect 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 that are required to be reported under *Government Auditing Standards*.

This report is intended for the information and use of management, members of the Board, and 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.



Balestra, Harr & Scherer, CPAs, Inc.

February 20, 2009

BALESTRA, HARR & SCHERER CPAs, INC.

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Report on Compliance With Requirements Applicable to Each Major Program and on Internal Control Over Compliance in Accordance With OMB Circular A-133

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

Compliance

We have audited the compliance of the Amherst Exempted Village School District, (the School District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2008. The School District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the School District's management. Our responsibility is to express an opinion on the School District'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 Comptroller General of the United States' *Government Auditing Standards*; 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 reasonably assure whether noncompliance occurred with the types of compliance requirements referred to above that could directly and materially effect a major federal program. An audit includes examining, on a test basis, evidence about the School District'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 School District's compliance with those requirements.

In our opinion, the School District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2008.

Internal Control Over Compliance

The management of the School District 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 School District's internal control over compliance with requirements that could directly and materially effect a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over compliance.

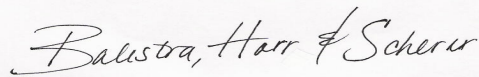
Internal Control Over Compliance (Continued)

A control deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect noncompliance with a federal program compliance requirement on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the School District's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the School District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the School District's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be 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, members of the Board, and 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.



Balestra, Harr & Scherer, CPAs, Inc.

February 20, 2009

Amherst Exempted Village School District
 Schedule of Findings and Questioned Costs
 OMB Circular A-133 Section .505
 For the Fiscal Year Ended June 30, 2008

SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control deficiencies reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other significant deficiencies reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any other significant deficiencies reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under section .510?	No
(d)(1)(vii)	Major Programs (list):	Special Education Cluster, CFDA #84.027 & 84.173
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

Amherst Exempted Village School District
Schedule of Findings and Questioned Costs
OMB Circular A-133 Section .505
For the Fiscal Year Ended June 30, 2008

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

None

FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None



Mary Taylor, CPA
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
APRIL 16, 2009