

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

AUDIT REPORT

**FOR THE FISCAL YEAR
ENDED JUNE 30, 2015**

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



Dave Yost • Auditor of State

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

We have reviewed the *Independent Auditor's Report* of the Amherst Exempted Village School District, Lorain County, prepared by James G. Zupka, CPA, Inc., for the audit period July 1, 2014 through June 30, 2015. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

May 13, 2016

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**AMHERST EXEMPTED VILLAGE SCHOOL DISTRICT
LORAIN COUNTY, OHIO
AUDIT REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

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

Certified Public Accountants

5240 East 98th Street

Garfield Hts., Ohio 44125

Member American Institute of Certified Public Accountants

(216) 475 - 6136

Ohio Society of Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

To the Members of the Board of Education
Amherst Exempted Village School District
Amherst, Ohio

The Honorable Dave Yost
Auditor of State
State of Ohio

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Amherst Exempted Village School District, Lorain County, Ohio (the District), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Amherst Exempted Village School District, Ohio, as of June 30, 2015, and the respective changes in financial position, and the respective budgetary comparison for the General Fund, thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As described in Note 3 to the basic financial statements, the District adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*, and restated its net position at June 30, 2014. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Amherst Exempted Village School District, Ohio's basic financial statements. The Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements.

The Schedule of Expenditures of Federal Awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 16, 2016, on our consideration of the Amherst Exempted Village School District, Ohio's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Amherst Exempted Village School District, Ohio's internal control over financial reporting and compliance.

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

Digitally signed by James G. Zupka, CPA,
President
DN: cn=James G. Zupka, CPA, President,
o=James G. Zupka, CPA, Inc., ou=Accounting,
email=jgzcpa@sbcglobal.net, c=US
Date: 2016.03.11 14:16:19 -05'00'

February 16, 2016

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**AMHERST EXEMPTED VILLAGE SCHOOL DISTRICT
LORAIN COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(UNAUDITED)**

The Management's Discussion and Analysis of the Amherst Exempted Village School District's (the School District) financial performance provides an overall review of the School District's financial activities for the year ended June 30, 2015. 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 basic 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 2015 are as follows:

- In total, net position increased by \$4,072,454.
- Revenues for governmental activities totaled \$42,679,090 during 2015. Of this total, 88 percent consisted of general revenues while program revenues accounted for the balance of 12 percent.
- Program expenses totaled \$38,606,636. Instructional expenses made up 61 percent of this total while support services accounted for 30 percent. Other expenses rounded out the remaining 9 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 the 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 Position* and *Statement of Activities* provide information about the activities of the whole School District, presenting both an aggregate and longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as the amount of funds available for future spending. The fund financial statements also look at the School District's most significant funds with all other governmental funds presented in total in one column. In the case of the School District, the General Fund and Bond Retirement Fund are the most significant fund and, therefore are the only governmental funds reported as major funds.

REPORTING THE DISTRICT AS A WHOLE

Statement of Net Position 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 transaction and asks the question, "How did we do financially during 2015?" The *Statement of Net Position* and the *Statement of Activities* answers this question. These statements include all assets, liabilities and deferred inflows/outflows of resources 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.

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These two statements report the School District's net position and changes in that position. This change in net position 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 Position* and the *Statement of Activities*, the School District is classified into governmental activities. All of the School District's programs and services are reported here including instruction, support services, operation and maintenance of plant, pupil transportation, operation of food service, extracurricular activities, and interest and fiscal charges.

REPORTING THE SCHOOL DISTRICT'S MOST SIGNIFICANT FUNDS

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

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

The School District adopts an annual appropriation budget for the General Fund. A budgetary comparison statement has been provided for the General Fund to demonstrate compliance with this budget. The governmental fund financial statements begin on page 18.

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 for proprietary funds. The fiduciary fund financial statements begin on page 23.

Notes to the Basic Financial Statements The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the basic financial statements begin on page 25.

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LORAIN COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
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(UNAUDITED)**

THE SCHOOL DISTRICT AS A WHOLE

You may recall that the *Statement of Net Position* provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position for 2015 compared to 2014.

Table 1- Net Position

	Governmental Activities	
	2015	2014 *
ASSETS		
Current and other assets	\$ 34,764,564	\$ 32,291,069
Capital assets, net	24,818,125	25,345,346
Total Assets	59,582,689	57,636,415
DEFERRED OUTFLOWS OF RESOURCES		
Deferral on Refunding	624,850	676,920
Pension	3,363,968	2,728,964
Total Deferred Outflows of Resources	3,988,818	3,405,884
LIABILITIES		
Current and other liabilities	4,932,118	4,877,830
Long-term liabilities:		
Due within one year	3,381,935	3,232,589
Due in more than one year:		
Net Pension Liability	46,619,172	55,397,807
Other Amounts	16,791,070	18,628,306
Total Liabilities	71,724,295	82,136,532
DEFERRED INFLOWS OF RESOURCES		
Property Taxes	17,620,602	17,192,309
Payment in Lieu of Taxes	75,300	70,406
Pension	8,435,804	-
Total Deferred Inflows of Resources	26,131,706	17,262,715
NET POSITION		
Net Investment in Capital Assets	10,560,518	9,551,223
Restricted	2,197,079	2,146,626
Unrestricted	(47,042,091)	(50,054,797)
Total Net Position	\$ (34,284,494)	\$ (38,356,948)

* Restated

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MANAGEMENT’S DISCUSSION AND ANALYSIS
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During 2015, the School District adopted GASB Statement 68, “Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27,” which significantly revises accounting for pension costs and liabilities. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the School District’s actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan’s *net pension liability*. GASB 68 takes an earnings approach to pension accounting; however, the nature of Ohio’s statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

Under the new standards required by GASB 68, the net pension liability equals the School District’s proportionate share of each plan’s collective:

1. Present value of estimated future pension benefits attributable to active and inactive employees’ past service
2. Minus plan assets available to pay these benefits

GASB notes that pension obligations, whether funded or unfunded, are part of the “employment exchange” – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the School District is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer’s promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not assign/identify the responsible party for

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the unfunded portion. Due to the unique nature of how the net pension liability is satisfied, this liability is separately identified within the long-term liability section of the Statement of Net Position.

In accordance with GASB 68, the School District's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's *change* in net pension liability not accounted for as deferred inflows/outflows.

As a result of implementing GASB 68, the School District is reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting. This implementation also had the effect of restating net position at June 30, 2014, from \$14,311,895 to \$(38,356,948).

Total net position of the School District as a whole increased in the amount of \$4,072,454.

Total assets increased by \$1,946,274. The majority of the increase can be attributed to an increase in Equity in Pooled Cash and Cash Equivalents due to return of steps, base salary increases, and health insurance plan design change.

Total liabilities (excluding net pension liability) decreased by \$1,633,602 due mainly to a decrease in the long-term liabilities other amounts due in more than one year. See Note 16 to the basic financial statements for more detailed information related to long-term liabilities.

Table 2 shows the changes in net position and compares revenue and expenses from fiscal year 2015 and fiscal year 2014. A comparative analysis of government-wide data is presented.

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LORAIN COUNTY, OHIO
MANAGEMENT'S DISCUSSION AND ANALYSIS
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Table 2- Changes in Net Position

	Governmental Activities	
	2015	2014
REVENUES		
Program Revenues:		
Charges for services	\$ 2,961,498	\$ 3,043,035
Operating grants and contributions	2,262,540	2,177,160
Capital grants and contributions	-	14,000
Total Program Revenues	<u>5,224,038</u>	<u>5,234,195</u>
General Revenues:		
Property taxes	19,139,209	19,105,995
Payments in lieu of taxes	75,449	76,165
Grants and entitlements		
not restricted to specific programs	18,057,087	18,091,169
Gifts and Donations		
not restricted to specific programs	46,188	56,932
Investment income	59,073	41,700
Miscellaneous	78,046	419,286
Total General Revenues	<u>37,455,052</u>	<u>37,791,247</u>
Total Revenues	<u>42,679,090</u>	<u>43,025,442</u>
EXPENSES		
Program Expenses:		
Instruction:		
Regular	18,327,949	19,084,838
Special	4,840,777	5,059,634
Vocational	382,396	394,087
Supporting Services:		
Pupils	1,949,201	1,751,505
Instructional Staff	1,633,980	1,690,511
Board of Education	36,247	23,529
Administration	2,422,098	3,109,605
Fiscal Services	824,229	782,036
Operation and Maintenance of Plant	3,123,840	3,359,127
Pupil Transportation	1,505,534	1,470,861
Central	56,030	169,047
Operation of Non-Instructional Services	1,836,569	1,532,577
Extracurricular Activities	1,060,202	1,006,159
Interest and Fiscal Charges	607,584	770,518
Total Expenses	<u>38,606,636</u>	<u>40,204,034</u>
Change in Net Position	4,072,454	2,821,408
Net Position - Beginning of Year, Restated	(38,356,948)	N/A
Net Position - End of Year	<u>\$ (34,284,494)</u>	<u>\$ (38,356,948)</u>

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Governmental Activities

The information necessary to restate the 2014 beginning balances and the 2014 pension expense amounts for the effects of the initial implementation of GASB 68 is not available. Therefore, 2014 functional expenses still include pension expense of \$2,728,964 computed under GASB 27. GASB 27 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB 68, pension expense represents additional amounts earned, adjusted by deferred inflows/outflows, the contractually required contribution is no longer a component of pension expense. Under GASB 68, the 2015 statements report pension expense of \$1,946,610. Consequently, in order to compare 2015 program expenses to 2014, the following adjustments are needed:

Total 2015 program expenses under GASB 68	38,606,636
Pension expense under GASB 68	(1,946,610)
2015 contractually required pension contribution	2,924,445
Adjusted 2015 program expenses	39,584,471
Total 2014 program expenses under GASB 27	40,204,034
Decrease in program expenses not related to pension	(619,563)

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 61 percent of the School District's expense is used to fund instructional expenses. Additional supporting services for pupils, staff and business operations encompass an additional 30 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 2015 to fiscal year 2014. That is, it identifies the cost of those services supported by tax revenue and unrestricted State entitlements.

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Table 3- Total and Net Cost of Program Services

	Governmental Activities			
	Total Cost of Services	Total Cost of Services	Net Cost of Services	Net Cost of Services
	2015	2014	2015	2014
Instruction	\$23,551,122	\$24,538,559	\$21,090,598	\$21,947,141
Supporting Services:				
Pupils and Instructional Staff	3,583,181	3,442,016	3,349,307	3,115,283
Board of Education, Administration, and Fiscal Services	3,282,574	3,915,170	3,136,260	3,654,204
Operation and Maintenance of Plant	3,123,840	3,359,127	3,010,680	3,186,769
Pupil Transportation	1,505,534	1,470,861	1,457,599	1,367,670
Central	56,030	169,047	49,895	167,325
Operation of Non-Instructional Services	1,836,569	1,532,577	264,907	(98,789)
Extracurricular Activities	1,060,202	1,006,159	415,768	859,718
Interest and Fiscal Charges	607,584	770,518	607,584	770,518
Total Cost of Services	\$38,606,636	\$40,204,034	\$33,382,598	\$34,969,839

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 14 percent of all governmental expenses. Program revenues include charges for services, grants and contributions that are program specific.

THE SCHOOL DISTRICT'S FUNDS

Information regarding the School District's major funds can be found on page 27 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 of \$42,484,931 and expenditures totaled \$40,651,066. The General Fund balance increased \$1,976,306.

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.

For the General Fund, the original budget basis revenue including other financing sources was \$36,863,842 and the final budget basis revenue including other financing sources was \$39,223,262.

Original appropriations including other financing uses was \$36,861,141 and the final appropriations including other financing uses was \$37,781,274.

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CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2015, the School District had \$24,818,125 invested in its capital assets. Table 4 shows the fiscal year 2015 balances compared to 2014.

Table 4- Capital Assets

	Governmental Activities	
	2015	2014
Land	\$ 1,421,676	\$ 1,421,676
Construction in Progress	160,300	-
Land Improvements	733,639	728,631
Buildings and Improvements	21,590,497	22,228,064
Furniture and Equipment	596,196	622,924
Vehicles	315,817	344,051
Total Capital Assets	\$ 24,818,125	\$ 25,345,346

Changes in capital assets from the prior year resulted from current year additions as well as depreciation expense. See Note 12 to the basic financial statements for more detailed information related to capital assets.

Debt

At June 30, 2015, the School District had \$13,960,000 in bonds and notes outstanding of which \$1,495,000 is due within one year. See Note 16 to the basic financial statements for more detailed information related to debt. Table 5 summarizes the bonds outstanding:

Table 5- Outstanding Debt at Year End

	Governmental Activities	
	2015	2014
Advanced Refunding Bonds	\$ 13,760,000	\$ 15,165,000
Energy Conservation Notes	200,000	300,000
Total Outstanding Debt	\$ 13,960,000	\$ 15,465,000

At June 30, 2015, the School District's overall debt margin was \$35,767,959.

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MANAGEMENT'S DISCUSSION AND ANALYSIS
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CURRENT ISSUES

Amherst Exempted Village School District has a strong financial outlook. The Board of Education and administration closely monitor its revenues and expenditures in accordance with its financial forecast.

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

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

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

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

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

Basic Financial Statements

AMHERST EXEMPTED VILLAGE SCHOOL DISTRICT
LORAIN COUNTY, OHIO
STATEMENT OF NET POSITION
JUNE 30, 2015

	Governmental Activities
ASSETS	
Equity in Pooled Cash and Cash Equivalents	\$ 14,526,607
Taxes Receivable	19,909,821
Accounts Receivable	23,342
Accrued Interest Receivable	11,145
Intergovernmental Receivable	269,663
Materials and Supplies Inventory	23,986
Nondepreciable Capital Assets	1,581,976
Depreciable Capital Assets, Net	23,236,149
Total Assets	59,582,689
DEFERRED OUTFLOWS OF RESOURCES	
Deferral on Refunding	624,850
Pension	3,363,968
Total Deferred Outflows of Resources	3,988,818
LIABILITIES	
Accounts Payable	368,669
Accrued Wages and Benefits	3,392,786
Intergovernmental Payable	732,958
Accrued Interest Payable	46,458
Matured Compensated Absences Payable	386,575
Retainage Payable	4,672
Long-term Liabilities:	
Due within one year	3,381,935
Due in more than one year:	
Net Pension Liability (See Note 14)	46,619,172
Other Amounts Due in More Than One Year	16,791,070
Total Liabilities	71,724,295
DEFERRED INFLOWS OF RESOURCES	
Property Taxes	17,620,602
Payments in Lieu of Taxes	75,300
Pension	8,435,804
Total Deferred Inflows of Resources	26,131,706
NET POSITION	
Net Investment in Capital Assets	10,560,518
Restricted:	
Capital Projects	686,158
Debt Service	1,168,485
State Funded Programs	28,021
Federally Funded Programs	9,487
Student Activities	97,893
Food Service	85,760
Other Purpose	121,275
Unrestricted	(47,042,091)
Total Net Position	\$ (34,284,494)

See accompanying notes to the basic financial statements.

**AMHERST EXEMPTED VILLAGE SCHOOL DISTRICT
LORAIN COUNTY, OHIO
STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position
				Governmental Activities
Governmental activities:				
Instruction:				
Regular	\$ 18,327,949	\$ 873,019	\$ 178,256	\$ (17,276,674)
Special	4,840,777	135,141	1,232,082	(3,473,554)
Vocational	382,396	13,210	28,816	(340,370)
Supporting Services:				
Pupils	1,949,201	66,215	107,258	(1,775,728)
Instructional Staff	1,633,980	59,146	1,255	(1,573,579)
Board of Education	36,247	1,386	-	(34,861)
Administration	2,422,098	92,797	24,449	(2,304,852)
Fiscal Services	824,229	27,682	-	(796,547)
Operation and Maintenance of Plant	3,123,840	104,160	9,000	(3,010,680)
Pupil Transportation	1,505,534	47,935	-	(1,457,599)
Central	56,030	6,135	-	(49,895)
Operation of Non-Instructional Services	1,836,569	949,038	622,624	(264,907)
Extracurricular Activities	1,060,202	585,634	58,800	(415,768)
Interest and Fiscal Charges	607,584	-	-	(607,584)
Total Governmental activities	\$ 38,606,636	\$ 2,961,498	\$ 2,262,540	(33,382,598)

General Revenues:

Property Taxes levied for:

General Purposes	16,758,753
Debt Service	1,772,283
Capital Outlay	569,117
Other Purposes	39,056
Payments in Lieu of Taxes	75,449
Grants & Entitlements not restricted to specific programs	18,057,087
Gifts and Donations not restricted to specific programs	46,188
Investment Income	59,073
Miscellaneous	78,046
Total General Revenues	37,455,052
Change in Net Position	4,072,454
Net Position - Beginning of Year, Restated	(38,356,948)
Net Position - End of Year	\$ (34,284,494)

See accompanying notes to the basic financial statements.

AMHERST EXEMPTED VILLAGE SCHOOL DISTRICT
LORAIN COUNTY, OHIO
BALANCE SHEET –
GOVERNMENTAL FUNDS
JUNE 30, 2015

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
ASSETS				
Equity in Pooled Cash and Cash Equivalents	\$ 12,093,666	\$ 1,000,194	\$ 1,432,747	\$ 14,526,607
Materials and Supplies Inventory	-	-	23,986	23,986
Accrued Interest Receivable	10,816	-	329	11,145
Accounts Receivable	23,342	-	-	23,342
Interfund Receivable	64,506	-	-	64,506
Intergovernmental Receivable	73,883	-	195,780	269,663
Taxes Receivable	17,473,515	1,804,154	632,152	19,909,821
Total Assets	\$ 29,739,728	\$ 2,804,348	\$ 2,284,994	\$ 34,829,070
LIABILITIES				
Accounts Payable	\$ 145,074	\$ -	\$ 223,595	\$ 368,669
Accrued Wages and Benefits	3,189,182	-	203,604	3,392,786
Intergovernmental Payable	677,135	-	55,823	732,958
Matured Compensated Absences Payable	342,788	-	43,787	386,575
Retainage Payable	-	-	4,672	4,672
Interfund Payable	-	-	64,506	64,506
Total Liabilities	4,354,179	-	595,987	4,950,166
DEFERRED INFLOWS OF RESOURCES				
Property Taxes	15,468,366	1,589,405	562,831	17,620,602
Payments in Lieu of Taxes	75,300	-	-	75,300
Unavailable Revenue-Delinquent Property Taxes	195,064	20,393	7,077	222,534
Unavailable Revenue - Grants	-	-	195,561	195,561
Unavailable Revenue-Other	69,318	-	-	69,318
Total Deferred Inflows of Resources	15,808,048	1,609,798	765,469	18,183,315
FUND BALANCES				
Nonspendable	-	-	23,986	23,986
Restricted	-	1,194,550	1,090,652	2,285,202
Committed	64,960	-	-	64,960
Assigned	1,053,704	-	-	1,053,704
Unassigned (Deficits)	8,458,837	-	(191,100)	8,267,737
Total Fund Balances	9,577,501	1,194,550	923,538	11,695,589
Total Liabilities, Deferred Inflows of Resources and Fund Balances	\$ 29,739,728	\$ 2,804,348	\$ 2,284,994	\$ 34,829,070

See accompanying notes to the basic financial statements.

**AMHERST EXEMPTED VILLAGE SCHOOL DISTRICT
LORAIN COUNTY, OHIO
RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET POSITION OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2015**

Total Governmental Fund Balances \$ 11,695,589

Amounts reported for Governmental Activities in the Statement of Net Position are different because:

Capital Assets used in Governmental Activities are not financial resources and, therefore, are not reported in the funds 24,818,125

Other long-term assets are not available to pay for current-period expenditures and, therefore, are unavailable revenue in the funds:

Delinquent Property Taxes	\$	222,534	
Intergovernmental		264,879	
		487,413	487,413

Bond premium on the refunding of the bonds in governmental activities is deferred and to be amortized over the remaining life of the refunded bonds. (767,385)

The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in governmental funds:

Deferred Outflows - Pension		3,363,968	
Deferred Inflows - Pension		(8,435,804)	
Net Pension Liability		(46,619,172)	
Total			(51,691,008)

Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds:

Refunding Bonds		(13,760,000)	
Energy Conservation Note		(200,000)	
Accrued Interest Payable		(46,458)	
Deferral on Refunding		624,850	
Capital Leases		(155,072)	
Judgment Payable		(687,361)	
Compensated Absences		(4,603,187)	
Total			(18,827,228)

Net Position of Governmental Activities \$ (34,284,494)

See accompanying notes to the basic financial statements.

AMHERST EXEMPTED VILLAGE SCHOOL DISTRICT
LORAIN COUNTY, OHIO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
REVENUES				
Property Taxes	\$ 16,738,457	\$ 1,770,885	\$ 607,425	\$ 19,116,767
Intergovernmental	18,024,412	263,505	1,795,065	20,082,982
Interest	57,567	-	1,506	59,073
Tuition	1,309,939	-	87,656	1,397,595
Extracurricular Activities	423,787	-	264,293	688,080
Rentals	17,050	-	-	17,050
Gifts and Donations	46,188	-	58,800	104,988
Payments in Lieu of Taxes	75,449	-	-	75,449
Customer Sales and Services	3,519	-	861,382	864,901
Miscellaneous	67,966	-	10,080	78,046
Total Revenues	36,764,334	2,034,390	3,686,207	42,484,931
EXPENDITURES				
Current:				
Instruction:				
Regular	17,903,393	-	94,173	17,997,566
Special	3,875,869	-	1,071,118	4,946,987
Vocational	380,249	-	-	380,249
Supporting Services:				
Pupils	1,916,172	-	51,807	1,967,979
Instructional Staff	1,675,551	-	3,315	1,678,866
Board of Education	39,344	-	-	39,344
Administration	2,670,307	-	29,640	2,699,947
Fiscal Services	788,864	33,184	14,456	836,504
Operation and Maintenance of Plant Services	2,979,285	-	312,932	3,292,217
Pupil Transportation	1,395,439	-	110,888	1,506,327
Central	178,385	-	-	178,385
Operation of Non-Instructional Services:				
Food Service Operations	-	-	1,404,770	1,404,770
Community Services	-	-	293,311	293,311
Extracurricular Activities	700,255	-	390,678	1,090,933
Capital Outlay	-	-	16,564	16,564
Debt Service:				
Principal Retirement	271,840	1,405,000	19,637	1,696,477
Interest and Fiscal Charges	13,075	606,544	5,021	624,640
Total Expenditures	34,788,028	2,044,728	3,818,310	40,651,066
Net Change in Fund Balances	1,976,306	(10,338)	(132,103)	1,833,865
Fund Balances - Beginning of Year	7,601,195	1,204,888	1,055,641	9,861,724
Fund Balances - End of Year	\$ 9,577,501	\$ 1,194,550	\$ 923,538	\$ 11,695,589

See accompanying notes to the basic financial statements.

**AMHERST EXEMPTED VILLAGE SCHOOL DISTRICT
LORAIN COUNTY, OHIO
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, 2015**

Net Change in Fund Balances-Total Governmental Funds **\$ 1,833,865**

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period.

Capital Outlay	\$	398,829	
Depreciation		(872,160)	
Total		(473,331)	(473,331)

In the Statement of Activities, only the loss on the disposal of capital assets is reported, whereas, in the Governmental Funds, the proceeds from the disposals increase financial resources. Thus, the change in net position differs from the change in fund balance by the net book value of the capital assets. (53,890)

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

Delinquent Property Taxes		22,442	
Intergovernmental		124,536	
Total		146,978	146,978

Repayment of bond principal are expenditures in the Governmental funds, but the repayments reduce long-term liabilities in the Statement of Net Position. 1,696,477

Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows 2,924,445

Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the Statement of Activities. (1,946,610)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in Governmental funds.

Compensated Absences		(72,536)	
Accrued Interest		5,177	
Amortization of Bond Premiums		63,949	
Deferred Amount on Refunding		(52,070)	
Total		(55,480)	(55,480)

Change in Net Position of Governmental Activities **\$ 4,072,454**

See accompanying notes to the basic financial statements.

AMHERST EXEMPTED VILLAGE SCHOOL DISTRICT
LORAIN COUNTY, OHIO
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL (BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues				
Property Taxes	\$ 15,966,227	\$ 17,052,281	\$ 17,052,281	\$ -
Intergovernmental	17,099,076	18,262,189	18,262,189	-
Interest	33,611	35,897	41,828	5,931
Tuition	1,072,751	1,145,722	1,150,630	4,908
Extracurricular Activities	300,126	320,541	321,341	800
Rentals	15,964	17,050	17,050	-
Customer Sales and Services	3,295	3,519	3,519	-
Gifts and Donations	28,314	30,240	30,240	-
Payments in Lieu of Taxes	70,644	75,449	75,449	-
Miscellaneous	96,142	102,682	102,693	11
Total Revenues	<u>34,686,150</u>	<u>37,045,570</u>	<u>37,057,220</u>	<u>11,650</u>
Expenditures				
Current:				
Instruction				
Regular	17,463,921	17,929,953	17,929,953	-
Special	3,852,874	3,955,690	3,955,690	-
Vocational	370,863	380,760	380,760	-
Supporting Services				
Pupils	1,870,417	1,920,330	1,920,330	-
Instructional Staff	2,232,158	2,291,724	2,291,724	-
Board of Education	38,789	39,824	39,824	-
Administration	2,642,504	2,713,020	2,713,020	-
Fiscal Services	775,844	796,548	796,548	-
Operation and Maintenance of Plant Services	3,000,462	3,080,531	3,080,531	-
Pupil Transportation	1,392,246	1,429,399	1,429,399	-
Central	171,708	176,290	176,290	-
Extracurricular Activities	685,687	703,985	703,985	-
Debt Service:				
Principal	100,396	100,000	100,000	-
Interest & Fiscal Charges	13,127	13,075	13,075	-
Total Expenditures	<u>34,610,996</u>	<u>35,531,129</u>	<u>35,531,129</u>	<u>-</u>
Excess of Revenues Over Expenditures	<u>75,154</u>	<u>1,514,441</u>	<u>1,526,091</u>	<u>11,650</u>
Other Financing Sources (Uses)				
Sale of Capital Assets	3,500	3,500	3,500	-
Refund of Prior Year Expenditures	33,049	33,049	33,049	-
Refund of Prior Year Receipts	(37,207)	(37,207)	(37,207)	-
Advances In	20,000	20,000	20,000	-
Advances Out	(93,977)	(93,977)	(93,977)	-
Transfers In	2,121,143	2,121,143	2,121,143	-
Transfers Out	(2,118,961)	(2,118,961)	(2,118,961)	-
Total Other Financials Sources (Uses)	<u>(72,453)</u>	<u>(72,453)</u>	<u>(72,453)</u>	<u>-</u>
Net Change in Fund Balance	2,701	1,441,988	1,453,638	11,650
Fund Balance - Beginning of Year	8,696,441	8,696,441	8,696,441	-
Prior Year Encumbrances Appropriated	689,669	689,669	689,669	-
Fund Balance - End of Year	<u>\$ 9,388,811</u>	<u>\$ 10,828,098</u>	<u>\$ 10,839,748</u>	<u>\$ 11,650</u>

See accompanying notes to the basic financial statements.

**AMHERST EXEMPTED VILLAGE SCHOOL DISTRICT
LORAIN COUNTY, OHIO
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2015**

	<u>Private Purpose Trust</u>	<u>Agency Funds</u>
Assets		
Equity in Pooled Cash, Cash Equivalents, and Investments	\$ 98,599	\$ 102,387
Liabilities		
Due to Students	-	\$ 102,387
Net Position		
Held in Trust for Scholarships	98,599	
Total Net Position	\$ 98,599	

See accompanying notes to the basic financial statements.

**AMHERST EXEMPTED VILLAGE SCHOOL DISTRICT
LORAIN COUNTY, OHIO
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION –
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

	<u>Private Purpose Trust</u>
Additions	
Gifts and Donations	<u>\$ 339,526</u>
Deductions	
Disbursements in Accordance with Trust	<u>376,333</u>
<i>Change in Net Position</i>	(36,807)
<i>Net Position Beginning of Year</i>	<u>135,406</u>
<i>Net Position End of Year</i>	<u><u>\$ 98,599</u></u>

See accompanying notes to the basic financial statements.

Notes to the Basic Financial Statements

**AMHERST EXEMPTED VILLAGE SCHOOL DISTRICT
LORAIN COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE 1: DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Description of the School District

Amherst Exempted Village School District (the “School District”) was established for the purposes of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The School District is an exempted village school district as defined by Section 3311.04 of the Ohio Revised Code. The School District operates under a locally-elected Board form of government consisting of five members elected at-large for staggered four year terms. The School District provides educational services as authorized by State statute and/or Federal guidelines. The Board controls the School District’s five instructional/support facilities staffed by 147 non-certified employees and 247 certified full time teaching personnel and administrators, who provide services to 3,800 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 two elementary schools (preK-4), one middle school (5-6), one junior high school (7-8) and one high school (9-12).

Reporting Entity

The reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements of the School District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the School District. For the 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 residents 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 18 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.

**AMHERST EXEMPTED VILLAGE SCHOOL DISTRICT
LORAIN COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(CONTINUED)**

NOTE 1: **DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY** (Continued)

Reporting Entity (Continued)

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

The School District is associated with organizations which are defined as jointly governed organizations. These organizations include the North Coast Council Ohio, the Lorain County Joint Vocational School District, Ohio Schools Council Association and Lake Erie Regional Council of Governments. These organizations are presented in Note 17 to the basic financial statements.

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

A. **Basis of Presentation**

The School District's basic financial statements consist of government-wide statements, including a Statement of Net Position 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 Position and the Statement of Activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for the fiduciary funds.

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

AMHERST EXEMPTED VILLAGE SCHOOL DISTRICT
LORAIN COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(CONTINUED)

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

A. **Basis of Presentation** (Continued)

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

B. **Fund Accounting**

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

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 deferred outflows of resources compared to liabilities and deferred inflows of resources are reported as fund balance. The following are the School District's major governmental funds:

General Fund

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

Bond Retirement Fund

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

The other governmental funds of the School District account for grants and other resources and capital projects whose uses are restricted for a particular purpose.

**AMHERST EXEMPTED VILLAGE SCHOOL DISTRICT
LORAIN COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(CONTINUED)**

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

B. **Fund Accounting** (Continued)

Fiduciary Funds Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and agency funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. In accordance with GASB Statement No. 34, fiduciary funds are not included in the government-wide statements. The School District's fiduciary funds consist of a private purpose trust fund and an agency fund which are used to maintain financial activity of the School District's college scholarship donations and student managed activities.

C. **Measurement Focus**

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

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

D. **Basis of Accounting**

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

AMHERST EXEMPTED VILLAGE SCHOOL DISTRICT
LORAIN COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(CONTINUED)

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

D. **Basis of Accounting** (Continued)

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

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 8). Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

Deferred Outflows/Inflows of Resources In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources, represents a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources include a deferral on refunding and pension that are reported in the government-wide Statement of Net Position. A deferral on refunding results from the difference in the carrying value of the refunding debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources related to pension are explained in Note 14.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the School District, deferred inflows of resources include property taxes, payments in lieu of taxes, pension and unavailable revenues. Property taxes and payments in lieu of taxes represent amounts for which there is an enforceable legal claim as of June 30, 2015, but which were levied to finance fiscal year 2016 operations. These amounts have been recorded as deferred inflows on both the government-wide Statement of Net Position and the governmental fund financial statements.

AMHERST EXEMPTED VILLAGE SCHOOL DISTRICT
LORAIN COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
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(CONTINUED)

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

D. **Basis of Accounting** (Continued)

Deferred Outflows/Inflows of Resources (Continued)

Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District, unavailable revenue includes delinquent property taxes, grants and other revenues. These amounts are deferred and recognized as inflows of resources in the period the amounts become available. Deferred inflows of resources related to pension are reported on the government-wide Statement of Net Position. (See Note 14)

Expenses/Expenditures On the accrual basis of accounting, expenses are recognized at the time they are incurred. The entitlement value of donated commodities used during the year is reported in the Statement of Revenues, Expenditures and Changes in Fund Balances as an expenditure with a like amount reported as intergovernmental revenue. Unused donated commodities are reported as intergovernmental 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 the provisions of the Ohio Revised Code and entails the preparations of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified.

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

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

AMHERST EXEMPTED VILLAGE SCHOOL DISTRICT
LORAIN COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(CONTINUED)

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

E. **Budgetary Process** (Continued)

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

F. **Cash and Cash Equivalents**

During fiscal year 2015, investments were limited to STAR Ohio, the State Treasurer's Investment Pool, money market, negotiable CD's, U.S. Treasury Notes, 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 2015. 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, 2015.

Under existing Ohio statutes, the Governing Board may, by resolution, identify the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund in fiscal year 2015 amounted to \$57,567, which \$8,388 was assigned from other funds of the School District.

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

G. **Inventory**

Inventories of the Governmental Funds are presented at the lower of cost or market on a first-in, first-out basis and expended/expensed when used. Inventories consist of donated foods, purchased foods, and expendable supplies held for consumption.

**AMHERST EXEMPTED VILLAGE SCHOOL DISTRICT
LORAIN COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(CONTINUED)**

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

H. Capital Assets

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

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

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

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

I. Interfund Balances

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

J. Compensated Absences

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

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

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

AMHERST EXEMPTED VILLAGE SCHOOL DISTRICT
LORAIN COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(CONTINUED)

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

K. Accrued Liabilities and Long-Term Obligations

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

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

L. Bond Premiums

On the government-wide financial statements, bond premiums are deferred and amortized over the term of the bonds using the straight line method. Bond premiums are presented as an increase in the face amount of the general obligation bonds payable. On the fund financial statements, premiums are receipted in the year bonds are issued.

M. Net Position

Net Position is the residual amount when comparing assets and deferred outflows of resources to liabilities and deferred inflows of resources. The net investment in capital assets component of net position consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. The restricted component of net position is reported when there are limitations imposed on their use either through constitutional provisions or enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

The government-wide Statement of Net Position reports \$2,197,079 of the restricted component of net position, none of which is restricted by enabling legislation. The School District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted components of net position are available.

N. Fund Balance

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

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

AMHERST EXEMPTED VILLAGE SCHOOL DISTRICT
LORAIN COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(CONTINUED)

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

N. **Fund Balance** (Continued)

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

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

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

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

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

O. **Interfund Activity**

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

**AMHERST EXEMPTED VILLAGE SCHOOL DISTRICT
LORAIN COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(CONTINUED)**

NOTE 2: **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

P. **Estimates**

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

Q. **Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pension, and pension expense, information about the fiduciary net position of the pension plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. The pension systems report investments at fair value.

NOTE 3: **CHANGES IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF NET POSITION**

For fiscal year 2015, the School District implemented the Governmental Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions" and GASB Statement No. 71, "Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68." GASB 68 established standards for measuring and recognizing pension liabilities, deferred outflows of resources, deferred inflows of resources and expense/expenditure. The implementation of this pronouncement had the following effect on net position as reported June 30, 2014:

	Governmental Activities
Net Position as of June 30, 2014	\$ 14,311,895
Adjustments:	
Net Pension Liability	(55,397,807)
Deferred Outflow - Payments Subsequent to Measurement Date	2,728,964
Restated Net Position June 30, 2014	\$ (38,356,948)

Other than employer contributions subsequent to the measurement date, the School District made no restatement for deferred inflows/outflows of resources as the information needed to generate these restatements was not available.

**AMHERST EXEMPTED VILLAGE SCHOOL DISTRICT
LORAIN COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
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(CONTINUED)**

NOTE 4: FUND BALANCES

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

Fund Balances	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
<i>Nonspendable</i>				
Inventories	\$ -	\$ -	\$ 23,986	\$ 23,986
<i>Restricted for</i>				
Food Service Operations	-	-	163,882	163,882
Federal Programs	-	-	500	500
Athletics	-	-	97,893	97,893
Capital Projects	-	-	679,530	679,530
Capital Improvements	-	-	-	-
Debt Service	-	1,194,550	-	1,194,550
Auxiliary Services	-	-	28,021	28,021
Other Purposes	-	-	120,826	120,826
<i>Total Restricted</i>	<u>-</u>	<u>1,194,550</u>	<u>1,090,652</u>	<u>2,285,202</u>
<i>Committed to</i>				
Underground Storage Tanks	22,000	-	-	22,000
Judgment	42,960	-	-	42,960
<i>Total Committed</i>	<u>64,960</u>	<u>-</u>	<u>-</u>	<u>64,960</u>
<i>Assigned to</i>				
Student Instruction	287,331	-	-	287,331
Student Staff and Support	766,373	-	-	766,373
<i>Total Assigned</i>	<u>1,053,704</u>	<u>-</u>	<u>-</u>	<u>1,053,704</u>
<i>Unassigned (Deficit)</i>	<u>8,458,837</u>	<u>-</u>	<u>(191,100)</u>	<u>8,267,737</u>
Total Fund Balances	<u><u>\$ 9,577,501</u></u>	<u><u>\$ 1,194,550</u></u>	<u><u>\$ 923,538</u></u>	<u><u>\$ 11,695,589</u></u>

**AMHERST EXEMPTED VILLAGE SCHOOL DISTRICT
LORAIN COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(CONTINUED)**

NOTE 5: ACCOUNTABILITY

There are fund deficits in the Special Enterprise, Race to the Top, Part B-IDEA, Title I, IDEA and Improving Teacher Quality, Non-major Special Revenue Funds of \$2,879, \$116,200, \$53,093, \$3,535 and \$15,393 respectively. These deficits are caused by the application of generally accepted accounting principles to these funds. The General Fund is liable for any deficits in these funds and provides operating transfers when cash is required, not when accruals occur.

NOTE 6: BUDGETARY BASIS OF ACCOUNTING

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as a part of restricted, committed, or assigned fund balance (GAAP basis).
4. Advances in and advances out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).
5. Some funds are included in the General Fund (GAAP basis), but have separate legally adopted budgets (budget basis).

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

	Net Change in Fund Balance
GAAP Basis	\$ 1,976,306
Net Adjustment for Revenue Accruals	646,814
Net Adjustments for Expenditure Accruals	(193,531)
Advances Out	(61,627)
Funds with Separate Legally Adopted Budgets	145,607
Adjustment for Encumbrances	(1,059,931)
Budget Basis	\$ 1,453,638

**AMHERST EXEMPTED VILLAGE SCHOOL DISTRICT
LORAIN COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
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(CONTINUED)**

NOTE 7: DEPOSITS AND INVESTMENTS

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

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

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

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

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

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

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

**AMHERST EXEMPTED VILLAGE SCHOOL DISTRICT
LORAIN COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
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(CONTINUED)**

NOTE 7: **DEPOSITS AND INVESTMENTS** (Continued)

7. Certain bankers' acceptances for a period not to exceed one hundred eighty days and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time;
8. Linked deposits as authorized by ordinance adopted pursuant to Section 135.80 of the Revised Code;
9. Commercial paper notes issued by any entity that is defined in division (D) of Section 1705.01 of the Revised Code and has assets exceeding five hundred million dollars, and to which notes are rated at the time of purchase in the highest classification established by at least two standard rating services; the aggregate value of the notes does not exceed ten percent of the aggregate value of the outstanding commercial paper of the issuing corporation; the notes mature no later than one hundred eighty days after purchase; and
10. Bankers' acceptances of banks that are members of the federal deposit insurance corporation to which obligations both the following apply: obligations are eligible for purchase by the federal reserve system and the obligations mature no later than one hundred eighty days after purchase.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

**AMHERST EXEMPTED VILLAGE SCHOOL DISTRICT
LORAIN COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
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(CONTINUED)**

NOTE 7: **DEPOSITS AND INVESTMENTS** (Continued)

Deposits

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

As of June 30, 2015, \$700,941 of the School District's bank balance of \$957,734 was covered by FDIC while the remaining balance of \$256,793 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the School District's name.

Investments

As of June 30, 2015, the School District had the following investments and maturities:

Investment Type	Fair Value	Investment Maturities (in Years)			
		Less Than 1	1-2	2-4	4-5
STAR Ohio	\$ 7,327,447	\$ 7,327,447	\$ -	\$ -	\$ -
Money Market	9,734	9,734	-	-	-
U.S. Government Agency Notes	5,860,426	470,292	1,585,645	2,824,520	979,969
U.S. Treasury Notes	225,106	225,106	-	-	-
Negotiable CD's	463,471	-	463,471	-	-
Total Investments	<u>\$ 13,886,184</u>	<u>\$ 8,032,579</u>	<u>\$ 2,049,116</u>	<u>2,824,520</u>	<u>979,969</u>

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

Credit Risk Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The School District limits their investments to securities issued by federal government agencies or instrumentalities, commercial paper, and money market accounts. Investments in U.S. Government and Treasury Notes were rated AA+ by Standard & Poor's and Aaa by Moody's. The credit ratings for the School District's investments in negotiable CD's were not available. Investments in money markets were rated AAA by Standard & Poor's and Aaa by Moody's. Investments in STAROhio were rated AAAM by Standard & Poor's.

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LORAIN COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
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(CONTINUED)**

NOTE 7: **DEPOSITS AND INVESTMENTS** (Continued)

Concentration of Credit Risk Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The School District's investment policy allows investments in STAR Ohio, repurchase agreements, certificates of deposit or investments within financial institutions within the State of Ohio as designated by the Federal Reserve Board. The School District's places no limit on the amount that may be invested to any one issuer. The following table includes the percentage of total of each investment type held by the School District at June 30, 2015:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Percent of Total</u>
STAR Ohio	\$ 7,327,447	52.77%
Money Market	9,734	0.07%
U.S. Government Agency Notes	5,860,426	42.20%
U.S. Treasury Notes	225,106	1.62%
Negotiable CD's	463,471	3.34%
Total Investments	<u>\$ 13,886,184</u>	<u>100.00%</u>

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

NOTE 8: **PROPERTY TAXES**

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

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenue received in calendar year 2015 represents collections of calendar year 2014 taxes. Real property taxes received in calendar year 2015 were levied after April 1, 2014, on the assessed value listed as of January 1, 2014, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2015 represents collections of calendar year 2014 taxes. Public utility property taxes received in calendar year 2015 became a lien on December 31, 2013, were levied after April 1, 2014, and are collected in 2015 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public property currently is assessed at varying percentages of true value.

**AMHERST EXEMPTED VILLAGE SCHOOL DISTRICT
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(CONTINUED)**

NOTE 8: **PROPERTY TAXES** (Continued)

The School District receives property taxes from Lorain County. The County Auditors periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the Counties by June 30, 2015, are available to finance fiscal year 2015 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 and public utility property taxes which were measurable as of June 30, 2015 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 inflow of resources.

The amount available as an advance at June 30, 2015, was \$1,734,785, \$194,356 and \$62,244 to the General Fund, Bond Retirement fund, and other governmental funds, respectively.

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

The assessed values upon which the fiscal year 2015 taxes were collected are:

	<u>2014 Second Half Collections</u>		<u>2015 First Half Collections</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/Residential and Other Real Estate	\$ 521,541,390	97.42%	\$ 522,107,840	97.22%
Public Utility	13,820,700	2.58%	14,930,040	2.78%
Total Assessed Value	<u>\$ 535,362,090</u>	<u>100.00%</u>	<u>\$ 537,037,880</u>	<u>100.00%</u>
Tax Rate (per \$1,000 of Assessed Valuation)	<u>\$ 74.57</u>		<u>\$ 74.41</u>	

**AMHERST EXEMPTED VILLAGE SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
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(CONTINUED)**

NOTE 9: RECEIVABLES

Receivables at June 30, 2015 consisted of property taxes, interest, accounts, intergovernmental, and interfund amounts. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. All receivables are expected to be received within one year. A summary of the principal items of intergovernmental receivables follows:

Revenue Description	Amount
State Employee Retirement System	\$ 69,318
Foundation	4,565
Race to the Top	12,085
Title I	54,878
Special Education, Part B-IDEA	111,668
Title II-A	13,755
Early Childhood Special Education, IDEA	3,394
Total Intergovernmental Receivables	\$ 269,663

NOTE 10: INTERFUND TRANSACTIONS

Interfund balances at June 30, 2015 consist of the following:

<i>Fund</i>	<i>Receivable</i>	<i>Payable</i>
General	\$ 64,506	\$ -
Other Governmental Funds:		
Race to the Top	-	3,098
IDEA-B Special Education	-	4,594
Title I	-	54,734
IDEA Preschool	-	346
Title II-A	-	1,734
Total Other Governmental Funds	-	64,506
Total All Funds	\$ 64,506	\$ 64,506

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.

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LORAIN COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
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(CONTINUED)**

NOTE 11: 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. All administrators carry coverage equal to two times their calculated retirement salaries approximated to the nearest thousand.

For fiscal year 2015, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement ensures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Compmangement provides administrative, cost control, and actuarial services to the GRP.

AMHERST EXEMPTED VILLAGE SCHOOL DISTRICT
LORAIN COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(CONTINUED)

NOTE 12: **CAPITAL ASSETS**

A summary of the changes in Governmental capital assets during fiscal year 2015 follows:

	<u>Balance</u> <u>6/30/2014</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6/30/2015</u>
<u>Governmental Activities</u>				
Capital Assets, not being depreciated:				
Land	\$ 1,421,676	\$ -	\$ -	\$ 1,421,676
Construction in Progress	<u>-</u>	<u>160,300</u>	<u>-</u>	<u>160,300</u>
Total Capital Assets, not being depreciated	<u>1,421,676</u>	<u>160,300</u>	<u>-</u>	<u>1,581,976</u>
Capital Assets, being depreciated:				
Land Improvements	2,422,485	65,096	-	2,487,581
Buildings and Improvements	35,449,240	19,385	-	35,468,625
Furniture and Equipment	1,459,381	56,109	(47,006)	1,468,484
Vehicles	<u>1,841,794</u>	<u>97,939</u>	<u>(75,138)</u>	<u>1,864,595</u>
Total Capital Assets, being depreciated	<u>41,172,900</u>	<u>238,529</u>	<u>(122,144)</u>	<u>41,289,285</u>
Less Accumulated Depreciation:				
Land Improvements	(1,693,854)	(60,088)	-	(1,753,942)
Buildings and Improvements	(13,221,176)	(656,952)	-	(13,878,128)
Furniture and Equipment	(836,457)	(82,837)	47,006	(872,288)
Vehicles	<u>(1,497,743)</u>	<u>(72,283)</u>	<u>21,248</u>	<u>(1,548,778)</u>
Total Accumulated Depreciation	<u>(17,249,230)</u>	<u>(872,160)</u>	<u>68,254</u>	<u>(18,053,136)</u>
Total Capital Assets being depreciated, Net	<u>23,923,670</u>	<u>(633,631)</u>	<u>(53,890)</u>	<u>23,236,149</u>
Governmental Activities				
Capital Assets, Net	<u>\$25,345,346</u>	<u>\$ (473,331)</u>	<u>\$ (53,890)</u>	<u>\$24,818,125</u>

**AMHERST EXEMPTED VILLAGE SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
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(CONTINUED)**

NOTE 12: **CAPITAL ASSETS** (Continued)

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 670,397
Supporting Services:	
Pupil	696
Instructional Staff	2,495
Operation and Maintenance of Plant	70,695
Pupil Transportation	74,055
Operation of Non-Instructional Services	20,204
Extracurricular Activities	33,618
Total Depreciation Expense	\$ 872,160

NOTE 13: **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 30 days of vacation per year, depending upon length of service and hours worked. Unused vacation time earned in the current year is paid to classified employees and administrators upon termination of employment. Teachers and elementary principals do not earn vacation time.

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

B. **Life Insurance**

The School District provides life insurance and accidental death and dismemberment insurance to most employees. Full time employees are provided with \$50,000 of group life insurance coverage and part time employees are provided with \$30,000 of group life insurance coverage. Life insurance is provided through CIGNA.

**AMHERST EXEMPTED VILLAGE SCHOOL DISTRICT
LORAIN COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(CONTINUED)**

NOTE 14: **DEFINED BENEFIT PENSION PLAN**

Net Pension Liability

The net pension liability reported on the Statement of Net Position represents a liability to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

The net pension liability represents the School District's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Ohio Revised Code limits the School District's obligation for this liability to annually required payments. The School District cannot control benefit terms or the manner in which pensions are financed; however, the School District does receive the benefit of employees' services in exchange for compensation including pension.

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

The proportionate share of each plan's unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting.

Plan Description - School Employees Retirement System (SERS)

Plan Description – School District non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS' fiduciary net position. That report can be obtained by visiting the SERS website at www.ohsers.org under Employers/Audit Resources.

**AMHERST EXEMPTED VILLAGE SCHOOL DISTRICT
LORAIN COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
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(CONTINUED)**

NOTE 14: **DEFINED BENEFIT PENSION PLAN** (Continued)

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire on or after August 1, 2017
Full Benefits	Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially Reduced Benefits	Age 60 with 5 years of service credit Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

* Members with 25 years of service credit as of August 1, 2017, will be included in this plan.

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on year of service; 2.2 percent for the first thirty years of service and 2.5 percent for years of service credit over 30. Final average salary is the average of the highest three years of salary.

One year after an effective benefit date, a benefit recipient is entitled to a three percent cost-of-living adjustment (COLA). This same COLA is added each year to the base benefit amount on the anniversary date of the benefit.

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS’ Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System’s funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2015, the allocation to pension, death benefits, and Medicare B was 13.18 percent. The remaining 0.82 percent of the 14 percent employer contribution rate was allocated to the Health Care Fund.

The School District’s contractually required contribution to SERS was \$675,477 for fiscal year 2015. Of this amount \$57,293 is reported as an intergovernmental payable.

Plan Description - State Teachers Retirement System (STRS)

Plan Description – School District licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple-employer public employee retirement system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about STRS’ fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Web site at www.strsoh.org.

AMHERST EXEMPTED VILLAGE SCHOOL DISTRICT
LORAIN COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(CONTINUED)

NOTE 14: **DEFINED BENEFIT PENSION PLAN** (Continued)

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. With certain exceptions, the basic benefit is increased each year by two percent of the original base benefit. For members retiring August 1, 2013, or later, the first two percent is paid on the fifth anniversary of the retirement benefit. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 25 years of service, or 30 years of service regardless of age. Age and service requirements for retirement will increase effective August 1, 2015, and will continue to increase periodically until they reach age 60 with 35 years of service or age 65 with five years of service on August 1, 2026.

The DC Plan allows members to place all their member contributions and 9.5 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.5 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, member contributions are allocated among investment choices by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of services. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50.

New members who choose the DC plan or Combined Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS plan. The optional annuitization of a member's defined contribution account or the defined contribution portion of a member's Combined Plan account to a lifetime benefit results in STRS bearing the risk of investment gain or loss on the account. STRS has therefore included all three plan options as one defined benefit plan for GASB 68 reporting purposes.

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least ten years of qualifying service credit that apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

**AMHERST EXEMPTED VILLAGE SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
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(CONTINUED)**

NOTE 14: **DEFINED BENEFIT PENSION PLAN** (Continued)

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The statutory maximum employee contribution rate was increased one percent July 1, 2014, and will be increased one percent each year until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2015, plan members were required to contribute 12 percent of their annual covered salary. The School District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2015 contribution rates were equal to the statutory maximum rates.

The School District's contractually required contributions to STRS was \$2,248,968 for fiscal year 2015. Of this amount \$396,652 is reported as an intergovernmental payable.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the School District's share of contributions to the pension plan relative to the contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportionate Share of the Net Pension Liability	\$8,322,063	\$38,297,109	\$46,619,172
Proportion of the Net Pension Liability	0.164437%	0.15744926%	
Pension Expense	\$482,589	\$1,464,021	\$1,946,610

At June 30, 2015, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between expected and actual experience	\$70,830	\$368,693	\$439,523
School District contributions subsequent to the measurement date	<u>675,477</u>	<u>2,248,968</u>	<u>2,924,445</u>
Total Deferred Outflows of Resources	<u>\$746,307</u>	<u>\$2,617,661</u>	<u>\$3,363,968</u>
Deferred Inflows of Resources			
Net difference between projected and actual earnings on pension plan investments	<u>\$1,350,694</u>	<u>\$7,085,110</u>	<u>\$8,435,804</u>

**AMHERST EXEMPTED VILLAGE SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
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(CONTINUED)**

NOTE 14: **DEFINED BENEFIT PENSION PLAN** (Continued)

\$2,924,445 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year Ending June 30:	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
2016	\$319,788	\$1,679,105	\$1,998,893
2017	319,788	1,679,105	1,998,893
2018	319,788	1,679,105	1,998,893
2019	<u>320,500</u>	<u>1,679,102</u>	<u>1,999,602</u>
Total	<u>\$1,279,864</u>	<u>\$6,716,417</u>	<u>\$7,996,281</u>

Actuarial Assumptions - SERS

SERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment termination). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

**AMHERST EXEMPTED VILLAGE SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
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(CONTINUED)**

NOTE 14: **DEFINED BENEFIT PENSION PLAN** (Continued)

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2014, are presented below:

Wage Inflation	3.25 percent
Future Salary Increases, including inflation	4.00 percent to 22 percent
COLA or Ad Hoc COLA	3 percent
Investment Rate of Return	7.75 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal

For post-retirement mortality, the table used in evaluating allowances to be paid is the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables are used for the period after disability retirement.

The most recent experience study was completed June 30, 2010.

The long-term return expectation for the Pension Plan Investments has been determined using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The target allocation and best estimates of arithmetic real rates of return for each major assets class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Cash	1.00 %	0.00 %
US Stocks	22.50	5.00
Non-US Stocks	22.50	5.50
Fixed Income	19.00	1.50
Private Equity	10.00	10.00
Real Assets	10.00	5.00
Multi-Asset Strategies	15.00	7.50
Total	<u>100.00 %</u>	

**AMHERST EXEMPTED VILLAGE SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
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(CONTINUED)**

NOTE 14: **DEFINED BENEFIT PENSION PLAN** (Continued)

Discount Rate The total pension liability was calculated using the discount rate of 7.75 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.75 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.75 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.75 percent), or one percentage point higher (8.75 percent) than the current rate.

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
School District's proportionate share of the net pension liability	\$11,873,111	\$8,322,063	\$5,335,325

Actuarial Assumptions - STRS

The total pension liability in the June 30, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 percent
Projected salary increases	2.75 percent at age 70 to 12.25 percent at age 20
Investment Rate of Return	7.75 percent, net of investment expenses
Cost-of-Living Adjustments (COLA)	2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, 2013, or later, 2 percent COLA paid on fifth anniversary of retirement date.

Mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89 and not set back from age 90 and above.

Actuarial assumptions used in the June 30, 2014, valuation are based on the results of an actuarial experience study, effective July 1, 2012.

**AMHERST EXEMPTED VILLAGE SCHOOL DISTRICT
LORAIN COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(CONTINUED)**

NOTE 14: **DEFINED BENEFIT PENSION PLAN** (Continued)

The 10 year expected real rate of return on pension plan investments was determined by STRS' investment consultant by developing best estimates of expected future real rates of return for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized as follows:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Domestic Equity	31.00 %	8.00 %
International Equity	26.00	7.85
Alternatives	14.00	8.00
Fixed Income	18.00	3.75
Real Estate	10.00	6.75
Liquidity Reserves	1.00	3.00
Total	<u>100.00 %</u>	

Discount Rate The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2014. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2014. Therefore, the long-term expected rate of return on pension plan investments of 7.75 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2014.

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the School District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.75 percent, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.75 percent) or one-percentage-point higher (8.75 percent) than the current rate:

	<u>1% Decrease (6.75%)</u>	<u>Current Discount Rate (7.75%)</u>	<u>1% Increase (8.75%)</u>
School District's proportionate share of the net pension liability	\$54,826,486	\$38,297,109	\$24,318,817

**AMHERST EXEMPTED VILLAGE SCHOOL DISTRICT
LORAIN COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(CONTINUED)**

NOTE 14: **DEFINED BENEFIT PENSION PLAN** (Continued)

Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2015, one member of the Board of Education had elected Social Security. The Board's liability is 6.2 percent of wages paid.

NOTE 15: **POST-EMPLOYMENT BENEFITS**

School Employees Retirement System

Health Care Plan Description - The School District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 45 purposes, this plan is considered a cost-sharing, multiple-employer, defined benefit other postemployment benefit (OPEB) plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans as well as a prescription drug program. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Health care is financed through a combination of employer contributions and retiree premiums, copays and deductibles on covered health care expenses, investment returns, and any funds received as a result of SERS' participation in Medicare programs. 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.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required basic benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. For fiscal year 2015, 0.82 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined minimum compensation amount, prorated according to service credit earned. For fiscal year 2015, this amount was \$20,450. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2015, the School District's surcharge obligation was \$84,969.

The School District's contributions for health care for the fiscal years ended June 30, 2015, 2014, and 2013 were \$125,230, \$89,055, and \$127,453, respectively. For fiscal year 2015, 91.52 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2014 and 2013.

**AMHERST EXEMPTED VILLAGE SCHOOL DISTRICT
LORAIN COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(CONTINUED)**

NOTE 15: **POST-EMPLOYMENT BENEFITS** (Continued)

State Teachers Retirement System

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

Funding Policy – Ohio Revised Code Chapter 3307 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. Active employee members do not contribute to the Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal year 2015, STRS did not allocate any employer contributions to post-employment health care. The School District’s contributions for health care for the fiscal years ended June 30, 2015, 2014, and 2013 were \$0, 165,369, and \$169,809 respectively. The full amount has been contributed for fiscal years 2015, 2014 and 2013.

NOTE 16: **LONG-TERM OBLIGATIONS**

The changes in the School District’s long-term obligations during fiscal year 2015 were as follows:

	Restated Balance as of 6/30/2014	Issuances	Retirements	Balance as of 6/30/2015	Amounts Due In One Year
Energy Conservation Note, Series 2002 5.0%	\$ 300,000	\$ -	\$ (100,000)	\$ 200,000	\$ 100,000
Refunding Bonds, Series 2006 4.0% - 4.375% Maturing December 1, 2027:					
Serial and Term Bonds	15,165,000	-	(1,405,000)	13,760,000	1,395,000
Premium	831,334	-	(63,949)	767,385	-
Total Refunding Bonds, Series 2006	<u>15,996,334</u>	<u>-</u>	<u>(1,468,949)</u>	<u>14,527,385</u>	<u>1,395,000</u>
Net Pension Liability:					
STRS	45,619,266	-	(7,322,157)	38,297,109	-
SERS	9,778,541	-	(1,456,478)	8,322,063	-
Total Net Pension Liability	<u>55,397,807</u>	<u>-</u>	<u>(8,778,635)</u>	<u>46,619,172</u>	<u>-</u>
Judgment Payable	859,201	-	(171,840)	687,361	171,840
Capital Lease	174,709	-	(19,637)	155,072	27,106
Compensated Absences	4,530,651	1,601,972	(1,529,436)	4,603,187	1,687,989
Total Long-Term Obligations	<u><u>77,258,702</u></u>	<u><u>1,601,972</u></u>	<u><u>(12,068,497)</u></u>	<u><u>66,792,177</u></u>	<u><u>3,381,935</u></u>

AMHERST EXEMPTED VILLAGE SCHOOL DISTRICT
LORAIN COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(CONTINUED)

NOTE 16: **LONG-TERM OBLIGATIONS** (Continued)

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

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.

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 percent to 4.375 percent for the serial bonds and 19.43 percent (4.0 percent to 4.09 percent yield) for the capital appreciation bonds. The final amount of the 2006 capital appreciation bonds is \$3,025,000 and has fully matured in fiscal year 2014. 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 premium on the new debt was significant and is amortized over the life of the new bonds using the bonds outstanding method of amortization. The School District advance refunded the School Improvement Bonds to reduce their total debt payments over the next twenty years and to obtain an economic gain (difference between the present values of the debt services payments on the old and new debt) of \$601,736.

The Cleveland Clinic has occupied buildings in Lorain County since 2006 and applied for tax exemption on those buildings. The Clinic was granted permanent tax exemption by the Tax Commissioner in 2013. On June 30, 2014, the District entered into an agreement with The Cleveland Clinic Foundation to reimburse \$859,201 in real estate taxes. \$171,840 will be due each fiscal year, from fiscal year 2015 through fiscal year 2019.

See further discussion of Net Pension Liability at Note 14.

See further discussion of capital leases at Note 22.

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's overall debt limitation was \$35,767,959 at June 30, 2015. The following is a summary of the School District's Future annual principal and interest requirements to retire the refunding bonds series 2006 and the energy conservation note.

**AMHERST EXEMPTED VILLAGE SCHOOL DISTRICT
LORAIN COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(CONTINUED)**

NOTE 16: LONG-TERM OBLIGATIONS (Continued)

Fiscal Year Ending June 30,	Refunding Bonds		Energy Conservation Notes	
	Principal	Interest	Principal	Interest
2016	\$ 1,395,000	\$ 549,594	\$ 100,000	\$ 7,900
2017	1,380,000	489,184	100,000	2,650
2018	1,370,000	429,274	-	-
2019	1,350,000	374,875	-	-
2020	1,330,000	321,276	-	-
2021-2025	4,995,000	945,178	-	-
2026-2027	1,940,000	84,046	-	-
	<u>\$ 13,760,000</u>	<u>\$ 3,193,427</u>	<u>\$ 200,000</u>	<u>\$ 10,550</u>

Fiscal Year Ending June 30,	Total		Total
	Principal	Interest	
2016	\$ 1,495,000	\$ 557,494	\$ 2,052,494
2017	1,480,000	491,834	1,971,834
2018	1,370,000	429,274	1,799,274
2019	1,350,000	374,875	1,724,875
2020	1,330,000	321,276	1,651,276
2021-2025	4,995,000	945,178	5,940,178
2026-2027	1,940,000	84,046	2,024,046
	<u>\$ 13,960,000</u>	<u>\$ 3,203,977</u>	<u>\$ 17,163,977</u>

NOTE 17: JOINTLY GOVERNED ORGANIZATIONS

A. North Coast Council Ohio

The North Coast Council Ohio (“NCCO”), is a jointly governed computer service organization among thirty-one school districts. NCCO 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. Each of the governments of these districts supports NCCO based upon a per pupil charge, dependent upon the software package utilized. The NCCO assembly consists of a superintendent or designated representative from each participating member. NCCO has a Board of Directors chosen from the general membership of the NCCO assembly. The board of directors consists of a representative from the fiscal agent, chairmen of each operating committee, and at least one assembly member from each county from which participating districts are located. The School District paid \$126,829 in fees to NCOCC during fiscal year 2015. Financial information can be obtained by writing the Treasurer of the Educational Service Center of Lorain County (fiscal agent), 5700 West Canal, Valley View, Ohio 44125.

**AMHERST EXEMPTED VILLAGE SCHOOL DISTRICT
LORAIN COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(CONTINUED)**

NOTE 17: **JOINTLY GOVERNED ORGANIZATIONS** (Continued)

B. 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 possesses 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 2015, the School District paid \$902 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.

C. Ohio Schools Council

The Ohio Schools Council Association (Council) is a jointly governed organization among 200 school districts. The organization was formed to purchase quality products and services at the lowest possible cost to the member School Districts. Each School District supports the Council by paying an annual participation fee. The Council's Board consists of nine superintendents of the participating School Districts whose term rotates every year. The degree of control exercised by any school district is limited to its representation on the Board. In fiscal year 2015, the School District paid \$242,499 to the Council. Financial information can be obtained by contacting David A. Cottrell, the Executive Director/Treasurer of the Ohio Schools at 6133 Rockside Road, Suite 10, Independence, Ohio, 44131.

Prepaid/Natural Gas Program

The School District participates in the Council's natural gas purchase program. This program allows the School District to purchase natural gas at reduced rates. Compass Energy is serving as the supplier and program manager for the period from October 1, 2010 through March 31, 2016. There are currently 151 participants in the program. The participants make monthly payments based on estimated usage. Each September, these estimated payments are compared to their actual usage for the year (July to June). School Districts that paid more in estimated billings than their actual billings are issued credits on future billings in September until the credits are exhausted and School Districts that did not pay enough on estimated billings are invoiced for the difference on the September monthly estimated billing.

D. Lake Erie Regional Council of Governments

The Lake Erie Regional Council (LERC) is a jointly governed organization comprised of eleven school districts. The jointly governed organization was formed for the purpose of promoting cooperative agreements to its members in dealing with problems of mutual concern such as health 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 2015, the School District paid \$3,688,158 to the Council. Financial information can be obtained by contacting the Treasurer at the Educational Service Center of Lorain County, who serves as fiscal agent, at 1885 Lake Avenue, Elyria, Ohio.

AMHERST EXEMPTED VILLAGE SCHOOL DISTRICT
LORAIN COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(CONTINUED)

NOTE 18: RELATED ORGANIZATIONS

The Amherst Public Library (the “Library”) is a distinct and political subdivision of the State of Ohio governed by a Board of Trustees. The Board of Trustees, appointed by the Board of Education, possesses its own contracting and budgeting authority, hires and fires personnel, and does not depend on the School District for operational subsidies. Although the School District does serve as a taxing authority and issues related debt on behalf of the Library, its role is limited to 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 19: CONTINGENCIES

A. Grants

The School District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are 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.

B. Litigation and Other Matters

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

C. State Foundation Funding

School District Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Effective for the 2014-2015 school year, traditional school districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the school district, which can extend past the fiscal year end. As of the date of this report, ODE has made one of the two adjustments (reporting an accounts receivable of \$4,565) and has not finalized the final impact of enrollment adjustments to the June 30, 2015 Foundation funding for the school district; therefore, the financial statement impact for the second adjustment is not determinable at this time.

**AMHERST EXEMPTED VILLAGE SCHOOL DISTRICT
LORAIN COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(CONTINUED)**

NOTE 20: SET-ASIDE CALCULATIONS

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

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

	<u>Capital Improvements Reserve</u>
Set-Aside Balance as of June 30, 2014	\$ 64,526
Current Year Set-Aside Requirements	653,680
Qualifying Disbursements	<u>(727,270)</u>
Total	<u><u>\$ (9,064)</u></u>
Set-Aside Balance Carried Forward to Future Fiscal Years	<u>\$ -</u>
Set-Aside Balance as of June 30, 2015	<u><u>\$ -</u></u>

NOTE 21: COMMITMENTS

The School District utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year-end are constraints imposed on fund balance for subsequent-year expenditures and may be reported as part of restricted, committed or assigned classifications of fund balance on the balance sheet. As of June 30, 2015, the School District's significant commitments for encumbrances in the governmental funds were as follows:

	<u>Outstanding Encumbrances</u>
General Fund	\$ 946,572
Nonmajor governmental funds	653,388
	<u><u>\$ 1,599,960</u></u>

**AMHERST EXEMPTED VILLAGE SCHOOL DISTRICT
LORAIN COUNTY, OHIO
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015
(CONTINUED)**

NOTE 22: CAPITALIZED LEASE – LESSEE DISCLOSURE

On July 9, 2013, the District entered into a capitalized lease for the Stadium Lighting Project. This lease agreement meets the criteria of a capital lease as defined by FASB Statement No. 13, *Accounting for Leases*, which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments are reflected as debt service expenditures in the financial statements for the governmental funds.

Capital assets consisting of land improvement have been capitalized in the amount of \$200,000. This amount represents the present value of the minimum lease payments at the time of acquisition. Accumulated depreciation as of June 30, 2015, was \$7,617, leaving a current book value of \$192,383. A corresponding liability is recorded in the government-wide financial statements. Principal payments in fiscal year 2015 totaled \$19,637 paid by the Recreation Fund (a nonmajor governmental fund).

The following is a schedule of the future long-term minimum lease payments required under the capital lease and the present value of the future minimum lease payments as of June 30, 2015:

Fiscal Year Ending June 30,	Amount
2016	\$ 32,877
2017	32,877
2018	32,877
2019	32,877
2020	32,877
2021	8,219
Total	172,604
Less: Amount representing interest	(17,532)
Total	<u>\$ 155,072</u>

NOTE 23: OPERATING LEASES

The District leases various copiers, computers and electronic equipment and software throughout the District. Total cost for the leases were \$453,040 for the fiscal year ended June 30, 2015. The future minimum lease payments for these leases are as follows:

Fiscal Year Ending June 30,	Apple, Inc.	RS Business Machines, Inc.	Total
2016	\$ 276,736	\$ 176,304	\$ 453,040
2017	201,738	176,304	378,042
2018	201,738	88,152	289,890
Total	<u>\$ 680,212</u>	<u>\$ 440,760</u>	<u>\$ 1,120,972</u>

**AMHERST EXEMPTED VILLAGE SCHOOL DISTRICT
LORAIN COUNTY, OHIO
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
SCHOOL EMPLOYEE RETIREMENT SYSTEM OF OHIO
LAST TWO FISCAL YEARS (1)**

	<u>2014</u>	<u>2013</u>
School District's Proportion of the Net Pension Liability	0.164437%	0.164437%
School District's Proportionate Share of the Net Pension Liability	\$ 8,322,063	\$ 9,778,541
School District's Covered-Employee Payroll	\$ 4,756,154	\$ 4,677,392
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	174.97%	209.06%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	71.70%	65.52%

(1) Information prior to 2013 is not available.

Amounts presented as of the School District's measurement date which is the prior fiscal period end.

**AMHERST EXEMPTED VILLAGE SCHOOL DISTRICT
LORAIN COUNTY, OHIO
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY
STATE TEACHERS RETIREMENT SYSTEM OF OHIO
LAST TWO FISCAL YEARS (1)**

	2014	2013
School District's Proportion of the Net Pension Liability	0.15744926%	0.15744926%
School District's Proportionate Share of the Net Pension Liability	\$ 38,297,109	\$ 45,619,266
School District's Covered-Employee Payroll	\$ 15,921,238	\$ 16,980,877
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	240.54%	268.65%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	74.70%	69.30%

(1) Information prior to 2013 is not available.

Amounts presented as of the School District's measurement date which is the prior fiscal period end.

**AMHERST EXEMPTED VILLAGE SCHOOL DISTRICT
LORAIN COUNTY, OHIO
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE SCHOOL DISTRICT CONTRIBUTIONS
SCHOOL EMPLOYEES RETIREMENT SYSTEM OF OHIO
LAST TEN FISCAL YEARS**

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Contractually Required Contribution	\$ 675,477	\$ 659,203	\$ 647,351	\$ 672,250	\$ 738,022	\$ 837,890	\$ 452,311	\$ 443,151	\$ 481,119	\$ 538,464
Contributions in Relation to the Contractually Required Contribution	(675,477)	(659,203)	(647,351)	(672,250)	(738,022)	(837,890)	(452,311)	(443,151)	(481,119)	(538,464)
Contribution Deficiency (Excess)	-	-	-	-	-	-	-	-	-	-
School District Covered-Employee Payroll	\$ 5,125,015	\$ 4,756,154	\$ 4,677,392	\$ 4,998,141	\$ 5,871,297	\$ 6,188,257	\$ 4,596,657	\$ 4,512,739	\$ 4,504,860	\$ 5,089,452
Contributions as a Percentage of Covered-Employee Payroll	13.18%	13.86%	13.84%	13.45%	12.57%	13.54%	9.84%	9.82%	10.68%	10.58%

**AMHERST EXEMPTED VILLAGE SCHOOL DISTRICT
LORAIN COUNTY, OHIO
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF THE SCHOOL DISTRICT CONTRIBUTIONS
STATE TEACHERS RETIREMENT SYSTEM OF OHIO
LAST TEN FISCAL YEARS**

	2015	2014	2013	2012	2011	2010	2009	2008	2007	2006
Contractually Required Contribution	\$ 2,248,968	\$ 2,069,761	\$ 2,207,514	\$ 2,316,074	\$ 2,385,184	\$ 2,237,009	\$ 2,193,806	\$ 2,136,346	\$ 2,042,381	\$ 2,055,789
Contributions in Relation to the Contractually Required Contribution	(2,248,968)	(2,069,761)	(2,207,514)	(2,316,074)	(2,385,184)	(2,237,009)	(2,193,806)	(2,136,346)	(2,042,381)	(2,055,789)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
School District Covered-Employee Payroll	\$ 16,064,057	\$ 15,921,238	\$ 16,980,877	\$ 17,815,954	\$ 18,347,569	\$ 17,207,762	\$ 16,875,431	\$ 16,433,431	\$ 15,710,623	\$ 15,813,762
Contributions as a Percentage of Covered-Employee Payroll	14.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

**AMHERST EXEMPTED VILLAGE SCHOOL DISTRICT
LORAIN COUNTY, OHIO
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015**

Federal Grantor/ Pass-Through Grantor/ Program or Cluster Title	Federal CFDA Number	Pass-Through Grantor Number	Receipts	Non-Cash Receipts	Expenditures	No n-Cash Expenditures
U.S. Department of Agriculture						
Passed through Ohio Department of Education						
<i>Child Nutrition Cluster:</i>						
National School Breakfast Program	10.553	050674-05PU-09	\$ 60,303	\$ 0	\$ 60,303	\$ 0
National School Lunch Program	10.555	050674-LLP4-09	333,852	67,457	333,852	67,457
<i>Total Child Nutrition Cluster</i>			<u>394,155</u>	<u>67,457</u>	<u>394,155</u>	<u>67,457</u>
Total U.S. Department of Agriculture			<u>394,155</u>	<u>67,457</u>	<u>394,155</u>	<u>67,457</u>
U.S. Department of Education						
Passed through Ohio Department of Education						
<i>Title I Grant Cluster:</i>						
Title I, Part A, ESEA - Financial Assistance to Meet Special Education Needs of Disadvantaged Children	84.010		299,354	0	460,839	0
<i>Special Education Cluster:</i>						
Special Education Grants to States - IDEA, Part B	84.027		642,920	0	707,722	0
Special Education Pre-School	84.173		15,994	0	18,174	0
<i>Total Special Education Cluster</i>			<u>658,914</u>	<u>0</u>	<u>725,896</u>	<u>0</u>
ARRA - Race to the Top	84.395		6,519	0	17,224	0
Improving Teacher Quality State Grants, Title II-A	84.367		68,220	0	78,160	0
Total U.S. Department of Education			<u>1,033,007</u>	<u>0</u>	<u>1,282,119</u>	<u>0</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 1,427,162</u>	<u>\$ 67,457</u>	<u>\$ 1,676,274</u>	<u>\$ 67,457</u>

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

**AMHERST EXEMPTED VILLAGE SCHOOL DISTRICT
LORAIN COUNTY, OHIO
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2015**

NOTE 1: **SIGNIFICANT ACCOUNTING POLICIES**

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

NOTE 2: **CHILD NUTRITION CLUSTER**

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

NOTE 3: **FOOD DONATION PROGRAM**

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

JAMES G. ZUPKA, C.P.A., INC.
Certified Public Accountants
5240 East 98th Street
Garfield Hts., Ohio 44125

Member American Institute of Certified Public Accountants

(216) 475 - 6136

Ohio Society of Certified Public Accountants

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

Board of Education
Amherst Exempted Village School District
Amherst, Ohio

The Honorable Dave Yost
Auditor of State
State of Ohio

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Amherst Exempted Village School District, Lorain County, Ohio (the District), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated February 16, 2016, wherein we noted that the District adopted new accounting guidance, GASB Statement No. 68, *Accounting and Financial Reporting for Pensions - an amendment of GASB Statement No. 27*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - an amendment of GASB Statement No. 68*, and restated its net position at June 30, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Amherst Exempted Village School District, Ohio's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or, significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

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

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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

Digitally signed by James G. Zupka, CPA,
President
DN: cn=James G. Zupka, CPA, President,
o=James G. Zupka, CPA, Inc., ou=Accounting,
email=jgzcpa@sbcglobal.net, c=US
Date: 2016.03.11 14:17:18 -05'00'

February 16, 2016

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

Certified Public Accountants

5240 East 98th Street

Garfield Hts., Ohio 44125

Member American Institute of Certified Public Accountants

(216) 475 - 6136

Ohio Society of Certified Public Accountants

**REPORT ON COMPLIANCE FOR
EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY OMB CIRCULAR A-133**

Board of Education
Amherst Exempted Village School District
Amherst, Ohio

The Honorable Dave Yost
Auditor of State
State of Ohio

Report on Compliance for Each Major Federal Program

We have audited the Amherst Exempted Village School District, Lorain County, Ohio's (the District) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Amherst Exempted Village School District, Ohio's major federal programs for the year ended June 30, 2015. The Amherst Exempted Village School District, Ohio's major federal programs are identified in the Summary of Auditors' Results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

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

Opinion on Each Major Federal Program

In our opinion, the Amherst Exempted Village School District, Ohio, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

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

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

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

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

James G. Zupka,
CPA, President

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

Digitally signed by James G. Zupka, CPA, President
DN: cn=James G. Zupka, CPA, President, o=James G.
Zupka, CPA, Inc., ou=Accounting,
email=jgzcpa@sbcglobal.net, c=US
Date: 2016.03.11 14:17:38 -05'00'

February 16, 2016

**AMHERST EXEMPTED VILLAGE SCHOOL DISTRICT
LORAIN COUNTY, OHIO
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 & §.505
JUNE 30, 2015**

1. SUMMARY OF AUDITOR'S RESULTS

2015(i)	Type of Financial Statement Opinion	Unmodified
2015(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
2015(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
2015(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
2015(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
2015(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
2015(v)	Type of Major Program's Compliance Opinion	Unmodified
2015(vi)	Are there any reportable findings under .510(a)?	No
2015(vii)	Major Programs (list): Title I Grant Cluster: Title I, Part A, ESEA - Financial Assistance to Meet Special Education Needs of Disadvantaged Children - CFDA #84.010 Special Education Cluster: Special Education Grants to States - IDEA, Part B - CFDA #84.027 Special Education Pre-School - CFDA #84.173	
2015(viii)	Dollar Threshold: Type A\B Program	Type A: \$300,000 or more Type B: All others less than \$300,000
2015(ix)	Low Risk Auditee?	No

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

**AMHERST EXEMPTED VILLAGE SCHOOL DISTRICT
LORAIN COUNTY, OHIO
SCHEDULE OF PRIOR YEAR FINDINGS AND RECOMMENDATIONS
FOR THE YEAR ENDED JUNE 30, 2015**

The prior audit report, as of June 30, 2014, included no citations or instances of noncompliance. Management letter recommendations were corrected, repeated, or procedures instituted to prevent occurrences in this audit period.



Dave Yost • Auditor of State

AMHERST EXEMPTED VILLAGE SCHOOL DISTRICT

LORAIN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MAY 26, 2016**