



Dave Yost • Auditor of State



**AMHERST EXEMPTED VILLAGE SCHOOL DISTRICT  
LORAIN COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

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

To the Board of Education:

### ***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 2017, 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 preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider 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 to the extent needed to opine on the effectiveness of the District's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

***Opinion***

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, Lorain County, Ohio, as of June 30, 2017, and the respective changes in financial position, thereof and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

***Other Matters***

*Required Supplementary Information*

Accounting principles generally accepted in the United States of America require this presentation to include *management's discussion and analysis*, and schedules of net pension liabilities and pension contributions listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

*Supplementary Information*

Our audit was conducted to opine on the District's basic financial statements taken as a whole.

The Schedule of Expenditures of Federal Awards presents additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and is not a required part of the financial statements.

The schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this information to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 21, 2018, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine 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 District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State  
Columbus, Ohio

March 21, 2018

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**AMHERST EXEMPTED VILLAGE SCHOOL DISTRICT  
LORAIN COUNTY, OHIO  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(UNAUDITED)**

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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, 2017. 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 2017 are as follows:

- In total, net position increased by \$486,390.
- Revenues for governmental activities totaled \$42,957,366 during 2017. Of this total, 88 percent consisted of general revenues while program revenues accounted for the balance of 12 percent.
- Program expenses totaled \$42,470,976. 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 number 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, Building Fund and Classroom Facilities Fund are the most significant funds 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 2017?” 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.

**AMHERST EXEMPTED VILLAGE SCHOOL DISTRICT**  
**LORAIN COUNTY, OHIO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
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(UNAUDITED)

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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, central 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, Building Fund and Classroom Facilities 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 17.

**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 22.

**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.

**AMHERST EXEMPTED VILLAGE SCHOOL DISTRICT  
LORAIN COUNTY, OHIO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
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**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 2017 compared to 2016.

**Table 1- Net Position**

	Governmental Activities	
	2017	2016
<b>ASSETS</b>		
Current and other assets	\$ 57,092,938	\$ 39,002,372
Capital assets, net	25,535,264	24,819,845
<b>Total Assets</b>	<b>82,628,202</b>	<b>63,822,217</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferral on Refunding	101,117	111,228
Pension	11,293,708	5,223,824
<b>Total Deferred Outflows of Resources</b>	<b>11,394,825</b>	<b>5,335,052</b>
<b>LIABILITIES</b>		
Current and other liabilities	5,064,347	5,119,189
Long-term liabilities:		
Due within one year	3,346,530	4,055,313
Due in more than one year:		
Net Pension Liability	62,152,453	51,706,717
Other Amounts	32,421,571	16,160,556
<b>Total Liabilities</b>	<b>102,984,901</b>	<b>77,041,775</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Property Taxes	18,654,610	17,308,651
Payment in Lieu of Taxes	88,786	85,114
Pension	1,678,250	4,591,639
<b>Total Deferred Inflows of Resources</b>	<b>20,421,646</b>	<b>21,985,404</b>
<b>NET POSITION</b>		
Net Investment in Capital Assets	11,682,729	10,484,749
Restricted	3,042,453	3,127,192
Unrestricted	(44,108,702)	(43,481,851)
<b>Total Net Position</b>	<b>\$ (29,383,520)</b>	<b>\$ (29,869,910)</b>

**AMHERST EXEMPTED VILLAGE SCHOOL DISTRICT**  
**LORAIN COUNTY, OHIO**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
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The School District has 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 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 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.

**AMHERST EXEMPTED VILLAGE SCHOOL DISTRICT  
LORAIN COUNTY, OHIO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
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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 City is reporting a net pension liability/asset and deferred inflows/outflows of resources related to pension on the accrual basis of accounting.

Total net position of the School District as a whole increased in the amount of \$486,390.

Total assets increased by \$18,805,985. The majority of the increase can be attributed to an increase in Equity in Pooled Cash and Cash Equivalents due to the issuance of new debt in fiscal year 2017 that has not been spent.

Total liabilities increased by \$25,943,126 due mainly to an increase in net pension liability and the issuance of new debt in fiscal year 2017. The changes in deferred outflows and inflows of resources is due to the implementation of GASB 68. See Note 14 to the basic financial statements for more detailed information related to net pension liability.

Table 2 shows the changes in net position and compares revenue and expenses from fiscal year 2017 and fiscal year 2016. A comparative analysis of government-wide data is presented.

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**AMHERST EXEMPTED VILLAGE SCHOOL DISTRICT  
LORAIN COUNTY, OHIO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
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**Table 2- Changes in Net Position**

	Governmental Activities	
	2017	2016
<b>REVENUES</b>		
Program Revenues:		
Charges for services	\$ 3,372,992	\$ 2,995,070
Operating grants and contributions	1,946,042	2,495,116
<b>Total Program Revenues</b>	<b>5,319,034</b>	<b>5,490,186</b>
General Revenues:		
Property taxes	19,254,663	20,315,536
Payments in lieu of taxes	87,366	76,849
Grants and entitlements not restricted to specific programs	17,869,017	17,974,707
Gifts and Donations not restricted to specific programs	22,810	18,022
Sale of Capital assets	2,862	-
Investment income	170,907	180,401
Miscellaneous	230,707	122,796
<b>Total General Revenues</b>	<b>37,638,332</b>	<b>38,688,311</b>
<b>Total Revenues</b>	<b>42,957,366</b>	<b>44,178,497</b>
<b>EXPENSES</b>		
Program Expenses:		
Instruction:		
Regular	20,410,630	18,861,861
Special	5,204,172	5,068,554
Vocational	412,791	383,942
Supporting Services:		
Pupils	1,980,042	1,968,770
Instructional Staff	2,054,174	1,703,271
Board of Education	24,359	35,200
Administration	2,930,708	2,644,893
Fiscal Services	944,066	877,756
Operation and Maintenance of Plant	3,006,876	3,164,042
Pupil Transportation	1,565,569	1,420,850
Central	220,252	250,022
Operation of Non-Instructional Services	1,694,668	1,716,960
Extracurricular Activities	1,201,307	993,810
Interest and Fiscal Charges	821,362	673,982
<b>Total Expenses</b>	<b>42,470,976</b>	<b>39,763,913</b>
Change in Net Position	486,390	4,414,584
Net Position - Beginning of Year	(29,869,910)	(34,284,494)
<b>Net Position - End of Year</b>	<b>\$ (29,383,520)</b>	<b>\$ (29,869,910)</b>

**AMHERST EXEMPTED VILLAGE SCHOOL DISTRICT  
LORAIN COUNTY, OHIO  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
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**Governmental Activities**

The School District has carefully planned its financial existence by forecasting its revenues and expenses over the next five years. Although the School District relies heavily upon local property taxes to support its operations, the School District does actively solicit and receive additional grant and entitlement funds to help offset some operating costs.

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.

Total revenues decreased \$1,221,131 in fiscal year 2017 mainly due to the decrease in property tax revenue. Property tax revenue decreased mainly due to a decrease in property tax amount available for advance at fiscal year end.

Total expenses increased \$2,707,063 in fiscal year 2017 mainly due to the increase in Instruction expenses. Instruction expenses increased mainly due to the purchasing of various instructional equipment and expenses and change in expense due to the implementation of GASB 68 .

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 2017 to fiscal year 2016. That is, it identifies the cost of those services supported by tax revenue and unrestricted State entitlements.

**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
	2017	2016	2017	2016
Instruction	\$ 26,027,593	\$ 24,314,357	\$ 23,517,587	\$ 21,676,755
Supporting Services:				
Pupils and Instructional Staff	4,034,216	3,672,041	3,790,189	3,379,264
Board of Education, Administration, and Fiscal Services	3,899,133	3,557,849	3,707,830	3,394,383
Operation and Maintenance of Plant	3,006,876	3,164,042	2,859,320	3,046,519
Pupil Transportation	1,565,569	1,420,850	1,502,498	1,368,385
Central	220,252	250,022	211,709	240,543
Operation of Non-Instructional Services	1,694,668	1,716,960	59,543	72,198
Extracurricular Activities	1,201,307	993,810	681,904	421,698
Interest and Fiscal Charges	821,362	673,982	821,362	673,982
<b>Total Cost of Services</b>	<b>\$ 42,470,976</b>	<b>\$ 39,763,913</b>	<b>\$ 37,151,942</b>	<b>\$ 34,273,727</b>

**AMHERST EXEMPTED VILLAGE SCHOOL DISTRICT  
LORAIN COUNTY, OHIO  
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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 12 percent of all governmental expenses. Program revenues include charges for services, operating 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 \$42,722,847 and expenditures totaled \$43,693,604. The General Fund, Building Fund and Classroom Facilities Fund balance increased \$765,959, \$7,249,613 and \$9,667,816, respectively. The increases in Building and Classroom Facilities Funds are mainly due to the issuance of new debt in fiscal year 2017.

**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 \$39,743,263 and the final budget basis revenue including other financing sources was \$37,942,292.

Original and final appropriations including other financing uses was \$38,518,486.

**CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets**

At the end of fiscal year 2017, the School District had \$25,535,264 invested in its capital assets. Table 4 shows the fiscal year 2017 balances compared to 2016.

**Table 4- Capital Assets**

	Governmental Activities	
	2017	2016
Land	\$ 1,421,676	\$ 1,421,676
Construction in Progress	394,686	-
Land Improvements	1,254,757	1,314,885
Buildings and Improvements	21,337,953	21,182,593
Furniture and Equipment	797,671	570,503
Vehicles	328,521	330,188
<b>Total Capital Assets</b>	<b>\$ 25,535,264</b>	<b>\$ 24,819,845</b>



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LORAIN COUNTY, OHIO  
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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, 2017, the School District had \$28,999,000 in bonds and notes outstanding of which \$1,111,000 is due within one year. See Note 17 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	
	2017	2016
Refunding Bonds	\$ 10,980,000	\$ 12,360,000
Classroom Facilities and School Improvement	16,810,000	-
Energy Conservation Notes	-	100,000
Tax Anticipation Note	1,209,000	1,500,000
<b>Total Outstanding Debt</b>	<b>\$ 28,999,000</b>	<b>\$ 13,960,000</b>

At June 30, 2017, the School District's overall debt margin was \$21,748,951.

**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 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, 2017**

	<u>Governmental Activities</u>
<b>ASSETS</b>	
Equity in Pooled Cash and Cash Equivalents	\$ 35,908,184
Taxes Receivable	20,302,482
Accounts Receivable	135,242
Accrued Interest Receivable	48,959
Intergovernmental Receivable	545,181
Materials and Supplies Inventory	16,723
Prepaid Items	136,167
Nondepreciable Capital Assets	1,816,362
Depreciable Capital Assets, Net	23,718,902
<b>Total Assets</b>	<u>82,628,202</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferral on Refunding	101,117
Pension	11,293,708
<b>Total Deferred Outflows of Resources</b>	<u>11,394,825</u>
<b>LIABILITIES</b>	
Accounts Payable	578,368
Accrued Wages and Benefits	3,471,193
Intergovernmental Payable	591,420
Accrued Interest Payable	81,424
Matured Compensated Absences Payable	300,767
Retainage Payable	41,175
Long-term Liabilities:	
Due within one year	3,346,530
Due in more than one year:	
Net Pension Liability	62,152,453
Other Amounts	32,421,571
<b>Total Liabilities</b>	<u>102,984,901</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Property Taxes	18,654,610
Payments in Lieu of Taxes	88,786
Pension	1,678,250
<b>Total Deferred Inflows of Resources</b>	<u>20,421,646</u>
<b>NET POSITION</b>	
Net Investment in Capital Assets	11,682,729
Restricted:	
Capital Projects	1,452,408
Debt Service	1,174,112
State Funded Programs	40,789
Federally Funded Programs	500
Student Activities	49,764
Food Service	48,425
Other Purpose	276,455
Unrestricted	(44,108,702)
<b>Total Net Position</b>	<u>\$ (29,383,520)</u>

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, 2017**

	Expenses	Program Revenues		Net (Expense)
		Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position
				Governmental Activities
<b>Governmental activities:</b>				
Instruction:				
Regular	\$ 20,410,630	\$ 1,105,899	\$ 57,698	\$ (19,247,033)
Special	5,204,172	190,194	1,113,552	(3,900,426)
Vocational	412,791	18,222	24,441	(370,128)
Supporting Services:				
Pupils	1,980,042	90,932	63,816	(1,825,294)
Instructional Staff	2,054,174	89,279	-	(1,964,895)
Board of Education	24,359	1,110	-	(23,249)
Administration	2,930,708	126,341	24,416	(2,779,951)
Fiscal Services	944,066	39,436	-	(904,630)
Operation and Maintenance of Plant	3,006,876	147,556	-	(2,859,320)
Pupil Transportation	1,565,569	63,071	-	(1,502,498)
Central	220,252	8,543	-	(211,709)
Operation of Non-Instructional Services	1,694,668	989,690	645,435	(59,543)
Extracurricular Activities	1,201,307	502,719	16,684	(681,904)
Interest and Fiscal Charges	821,362	-	-	(821,362)
<b>Total Governmental activities</b>	<b>\$ 42,470,976</b>	<b>\$ 3,372,992</b>	<b>\$ 1,946,042</b>	<b>(37,151,942)</b>

**General Revenues:**

Property Taxes levied for:	
General Purposes	16,821,016
Debt Service	1,820,437
Capital Outlay	573,084
Other Purposes	40,126
Payments in Lieu of Taxes	87,366
Grants & Entitlements not restricted to specific programs	17,869,017
Gifts and Donations not restricted to specific programs	22,810
Investment Income	170,907
Gain on Sale of Capital Assets	2,862
Miscellaneous	230,707
Total General Revenues	<u>37,638,332</u>
Change in Net Position	486,390
Net Position - Beginning of Year	<u>(29,869,910)</u>
<b>Net Position - End of Year</b>	<b><u>\$ (29,383,520)</u></b>

See accompanying notes to the basic financial statements.

**AMHERST EXEMPTED VILLAGE SCHOOL DISTRICT**  
**LORAIN COUNTY, OHIO**  
**BALANCE SHEET –**  
**GOVERNMENTAL FUNDS**  
**JUNE 30, 2017**

	General	Building	Classroom Facilities	Other Governmental Funds	Total Governmental Funds
<b>ASSETS</b>					
Equity in Pooled Cash and Cash Equivalents	\$ 16,281,194	\$ 7,543,727	\$ 9,651,968	\$ 2,431,295	\$ 35,908,184
Materials and Supplies Inventory	-	-	-	16,723	16,723
Accrued Interest Receivable	28,143	4,429	15,848	539	48,959
Accounts Receivable	133,248	-	-	1,994	135,242
Interfund Receivable	325,513	-	-	-	325,513
Intergovernmental Receivable	159,409	-	-	385,772	545,181
Prepaid Items	136,167	-	-	-	136,167
Taxes Receivable	17,764,460	-	-	2,538,022	20,302,482
<b>Total Assets</b>	<b>\$ 34,828,134</b>	<b>\$ 7,548,156</b>	<b>\$ 9,667,816</b>	<b>\$ 5,374,345</b>	<b>\$ 57,418,451</b>
<b>LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES</b>					
<b>LIABILITIES</b>					
Accounts Payable	\$ 305,996	\$ 260,363	\$ -	\$ 12,009	\$ 578,368
Accrued Wages and Benefits	3,255,511	-	-	215,682	3,471,193
Intergovernmental Payable	559,439	-	-	31,981	591,420
Matured Compensated Absences Payable	300,767	-	-	-	300,767
Retainage Payable	9,440	31,735	-	-	41,175
Interfund Payable	-	-	-	325,513	325,513
<b>Total Liabilities</b>	<b>4,431,153</b>	<b>292,098</b>	<b>-</b>	<b>585,185</b>	<b>5,308,436</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Property Taxes	16,318,812	-	-	2,335,798	18,654,610
Payments in Lieu of Taxes	88,786	-	-	-	88,786
Unavailable Revenue-Delinquent Property Taxes	93,680	-	-	13,250	106,930
Unavailable Revenue - Grants	-	-	-	385,772	385,772
Unavailable Revenue-Other	118,533	-	-	-	118,533
<b>Total Deferred Inflows of Resources</b>	<b>16,619,811</b>	<b>-</b>	<b>-</b>	<b>2,734,820</b>	<b>19,354,631</b>
<b>FUND BALANCES</b>					
Nonspendable	136,167	-	-	16,723	152,890
Restricted	-	7,256,058	9,667,816	2,451,188	19,375,062
Committed	22,000	-	-	-	22,000
Assigned	1,327,838	-	-	-	1,327,838
Unassigned (Deficits)	12,291,165	-	-	(413,571)	11,877,594
<b>Total Fund Balances</b>	<b>13,777,170</b>	<b>7,256,058</b>	<b>9,667,816</b>	<b>2,054,340</b>	<b>32,755,384</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<b>\$ 34,828,134</b>	<b>\$ 7,548,156</b>	<b>\$ 9,667,816</b>	<b>\$ 5,374,345</b>	<b>\$ 57,418,451</b>

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, 2017**

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**Total Governmental Fund Balances** \$ 32,755,384

*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 25,535,264

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

Delinquent Property Taxes	\$ 106,930	
Intergovernmental	504,305	
	504,305	
Total		611,235

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. (1,066,807)

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	11,293,708	
Deferred Inflows - Pension	(1,678,250)	
Net Pension Liability	(62,152,453)	
	(62,152,453)	
Total		(52,536,995)

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

Long Term Bonds	(27,790,000)	
Long Term Notes	(1,209,000)	
Accrued Interest Payable	(81,424)	
Deferral on Refunding	101,117	
Capital Leases	(99,765)	
Judgment Payable	(257,761)	
Compensated Absences	(5,344,768)	
	(5,344,768)	
Total		(34,681,601)

**Net Position of Governmental Activities** **\$ (29,383,520)**

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, 2017**

	General	Building	Classroom Facilities	Other Governmental Funds	Total Governmental Funds
<b>REVENUES</b>					
Property Taxes	\$ 16,851,541	\$ -	\$ -	\$ 2,437,969	\$ 19,289,510
Intergovernmental	17,771,401	-	-	1,769,278	19,540,679
Interest	140,106	7,306	20,124	3,371	170,907
Tuition and Fees	1,779,711	-	-	108,409	1,888,120
Extracurricular Activities	430,004	-	-	146,326	576,330
Rentals	15,915	-	-	-	15,915
Gifts and Donations	22,810	-	-	16,684	39,494
Transportation Fees	-	-	-	831	831
Payments in Lieu of Taxes	87,366	-	-	-	87,366
Customer Sales and Services	2,346	-	-	881,281	883,627
Miscellaneous	230,068	-	-	-	230,068
<b>Total Revenues</b>	<b>37,331,268</b>	<b>7,306</b>	<b>20,124</b>	<b>5,364,149</b>	<b>42,722,847</b>
<b>EXPENDITURES</b>					
Current:					
Instruction:					
Regular	18,757,192	-	-	441,185	19,198,377
Special	4,074,510	-	-	995,357	5,069,867
Vocational	393,067	-	-	-	393,067
Supporting Services:					
Pupils	1,938,833	-	-	-	1,938,833
Instructional Staff	1,913,480	-	-	-	1,913,480
Board of Education	23,346	-	-	-	23,346
Administration	2,793,784	-	-	32,981	2,826,765
Fiscal Services	857,554	1,237	3,225	47,862	909,878
Operation and Maintenance of Plant Services	3,061,277	10,301	-	555,118	3,626,696
Pupil Transportation	1,354,496	-	-	86,499	1,440,995
Central	211,885	-	-	-	211,885
Operation of Non-Instructional Services:					
Food Service Operations	-	-	-	1,360,155	1,360,155
Community Services	16,741	-	-	243,917	260,658
Extracurricular Activities	811,596	-	-	231,565	1,043,161
Capital Outlay	-	594,855	-	-	594,855
Debt Service:					
Principal Retirement	357,760	-	-	1,699,201	2,056,961
Interest and Fiscal Charges	2,650	-	-	521,637	524,287
Bond Issuance Costs	-	-	-	300,338	300,338
<b>Total Expenditures</b>	<b>36,568,171</b>	<b>606,393</b>	<b>3,225</b>	<b>6,515,815</b>	<b>43,693,604</b>
Excess of Revenues Over (Under) Expenditures	763,097	(599,087)	16,899	(1,151,666)	(970,757)
<b>OTHER FINANCING SOURCES (USES)</b>					
Sale of Capital Assets	2,862	-	-	-	2,862
General Obligation Bonds Issued	-	4,170,000	-	12,640,000	16,810,000
Premium on Debt Issuance	-	-	-	764,749	764,749
Transfers In	-	3,678,700	9,650,917	-	13,329,617
Transfers Out	-	-	-	(13,329,617)	(13,329,617)
<b>Total Other Financing Sources (Uses)</b>	<b>2,862</b>	<b>7,848,700</b>	<b>9,650,917</b>	<b>75,132</b>	<b>17,577,611</b>
Net Change in Fund Balances	765,959	7,249,613	9,667,816	(1,076,534)	16,606,854
Fund Balances - Beginning of Year	13,011,211	6,445	-	3,130,874	16,148,530
<b>Fund Balances - End of Year</b>	<b>\$ 13,777,170</b>	<b>\$ 7,256,058</b>	<b>\$ 9,667,816</b>	<b>\$ 2,054,340</b>	<b>\$ 32,755,384</b>

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, 2017**

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**Net Change in Fund Balances-Total Governmental Funds** \$ 16,606,854

*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 capital outlay exceeded depreciation in the current period.

Capital Outlay	\$ 1,636,001	
Depreciation	(920,582)	
Total		715,419

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

Delinquent Property Taxes	(34,847)	
Intergovernmental	266,696	
Total		231,849

Other financing sources in the Governmental funds increase long-term liabilities in the Statement of Net Position. These sources were attributed to the issuance of bonds. (16,810,000)

Repayment of principal on bonds, notes, capital leases and judgments are expenditures in the Governmental funds, but the repayments reduce long-term liabilities in the Statement of Net Position. 2,056,961

Bond premium that increases liabilities in the Statement of Net Position is not reported in the governmental funds. (764,749)

Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows 2,984,604

Except for amounts reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the Statement of Activities. (4,447,067)

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	(90,744)	
Accrued Interest	(42,926)	
Amortization of Bond Premiums	56,300	
Deferred Amount on Refunding	(10,111)	
Total		(87,481)

**Change in Net Position of Governmental Activities** **\$ 486,390**

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, 2017**

	Budgeted Amounts		Actual	Variance with
	Original	Final		Final Budget
				Positive (Negative)
<b>Revenues</b>				
Property Taxes	\$ 17,267,342	\$ 17,267,342	\$ 17,745,475	\$ 478,133
Intergovernmental	18,381,137	18,381,137	17,547,757	(833,380)
Interest	330,647	175,765	203,792	28,027
Tuition	2,594,426	1,379,143	1,599,055	219,912
Extracurricular Activities	574,695	305,496	354,209	48,713
Rentals	25,822	13,726	15,915	2,189
Customer Sales and Services	3,806	2,023	2,346	323
Payments in Lieu of Taxes	141,749	75,351	87,366	12,015
Miscellaneous	173,626	92,296	107,013	14,717
<b>Total Revenues</b>	<u>39,493,250</u>	<u>37,692,279</u>	<u>37,662,928</u>	<u>(29,351)</u>
<b>Expenditures</b>				
Current:				
Instruction				
Regular	19,003,441	19,003,441	18,757,636	245,805
Special	4,411,444	4,411,444	4,337,582	73,862
Vocational	404,664	404,664	392,662	12,002
Supporting Services				
Pupils	2,046,682	2,046,682	1,964,363	82,319
Instructional Staff	2,391,844	2,391,844	2,130,607	261,237
Board of Education	24,634	24,634	26,922	(2,288)
Administration	2,876,798	2,876,798	2,779,953	96,845
Fiscal Services	881,085	881,085	854,888	26,197
Operation and Maintenance of Plant Services	3,275,827	3,275,827	3,232,722	43,105
Pupil Transportation	1,430,158	1,430,158	1,408,734	21,424
Central	209,826	209,826	198,677	11,149
Operation of Non-Instructional Services	17,216	17,216	16,741	475
Extracurricular Activities	814,309	814,309	794,645	19,664
Debt Service:				
Principal	367,917	367,917	357,760	10,157
Interest & Fiscal Charges	2,725	2,725	2,650	75
<b>Total Expenditures</b>	<u>38,158,570</u>	<u>38,158,570</u>	<u>37,256,542</u>	<u>902,028</u>
Excess of Revenues Over Expenditures	<u>1,334,680</u>	<u>(466,291)</u>	<u>406,386</u>	<u>872,677</u>
<b>Other Financing Sources (Uses)</b>				
Sale of Capital Assets	2,862	2,862	2,862	-
Refund of Prior Year Expenditures	212,748	212,748	212,748	-
Advances Out	(325,513)	(325,513)	(325,513)	-
Transfers In	34,403	34,403	34,403	-
Transfers Out	(34,403)	(34,403)	(34,403)	-
<b>Total Other Financing Sources (Uses)</b>	<u>(109,903)</u>	<u>(109,903)</u>	<u>(109,903)</u>	<u>-</u>
Net Change in Fund Balance	1,224,777	(576,194)	296,483	872,677
Fund Balance - Beginning of Year	13,496,304	13,496,304	13,496,304	-
Prior Year Encumbrances Appropriated	1,118,953	1,118,953	1,118,953	-
Fund Balance - End of Year	<u>\$ 15,840,034</u>	<u>\$ 14,039,063</u>	<u>\$ 14,911,740</u>	<u>\$ 872,677</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, 2017**

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	Private Purpose Trust	Agency Funds
<b>Assets</b>		
Equity in Pooled Cash, Cash Equivalents, and Investments	\$ 52,019	\$ 114,372
<b>Liabilities</b>		
Due to Students	-	\$ 114,372
<b>Net Position</b>		
Held in Trust for Scholarships	52,019	
Total Net Position	\$ 52,019	

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, 2017**

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	<u>Private Purpose Trust</u>
<b>Additions</b>	
Gifts and Donations	<u>\$ 56,046</u>
<b>Deductions</b>	
Disbursements in Accordance with Trust	<u>58,749</u>
 <i>Change in Net Position</i>	 (2,703)
 <i>Net Position Beginning of Year</i>	 <u>54,722</u>
 <i>Net Position End of Year</i>	 <u>\$ 52,019</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, 2017**

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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 160 non-certified employees and 244 certified full time teaching personnel and administrators, who provide services to 3,756 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 19 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, 2017  
(CONTINUED)**

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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 Connect, the Lorain County Joint Vocational School District, Ohio Schools Council Association and Lake Erie Regional Council of Governments. These organizations are presented in Note 18 to the basic financial statements.

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

The financial statements of the School District have been prepared in 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, 2017  
(CONTINUED)**

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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.

**Building Fund**

The Building Fund is a capital projects fund used to account for the local funding initiative.

**Classroom Facilities Fund**

The Classroom Facilities Fund is a capital projects fund used to account for local and state share of the new elementary school.

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, 2017  
(CONTINUED)**

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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**  
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**(CONTINUED)**

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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, 2017, but which were levied to finance fiscal year 2018 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**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**  
**(CONTINUED)**

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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, 2017  
(CONTINUED)**

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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 2017, investments were limited to STAR Ohio, the State Treasurer's Investment Pool, money market, negotiable CD's, commercial paper, 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's investment in the State Treasury Asset Reserve of Ohio (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 and is recognized as an external investment pool by the School District. The School District measures their investment in STAR Ohio at the net asset value (NAV) per share provided by STAR Ohio. The NAV per share is calculated on an amortized cost basis that provides a NAV per share that approximates fair value.

For the fiscal year 2017, there were no limitation or restrictions on any participant withdrawals due to redemption notice periods, liquidity fees, or redemption gates. However, notice must be given 24 hours in advance of all deposits and withdrawals exceeding \$25 million. STAR Ohio reserves the right to limit the transaction to \$50 million, requiring the excess amount to be transacted the following business day(s), but only to the \$50 million limit. All accounts of the participant will be combined for these purposes.

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 2017 amounted to \$140,106, which \$62,615 was assigned from other funds of the School District.

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.

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.

**AMHERST EXEMPTED VILLAGE SCHOOL DISTRICT  
LORAIN COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(CONTINUED)**

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

H. **Capital Assets** (Continued)

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 Improvements	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**

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.

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.

**AMHERST EXEMPTED VILLAGE SCHOOL DISTRICT  
LORAIN COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(CONTINUED)**

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

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 \$3,042,453 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.

***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.

**AMHERST EXEMPTED VILLAGE SCHOOL DISTRICT**  
**LORAIN COUNTY, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**  
**(CONTINUED)**

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

N. **Fund Balance** (Continued)

*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.

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.

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

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**NOTE 3: CHANGES IN ACCOUNTING PRINCIPLES**

During the fiscal year, the School District implemented the following Governmental Accounting Standards Board (GASB) Statements:

GASB Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*. The objective of this Statement is to improve the usefulness of information about postemployment benefits other than pensions (other postemployment benefits or OPEB) included in the general purpose external financial reports of state and local governmental OPEB plans for making decisions and assessing accountability. The implementation of GASB Statement No. 74 did not have an effect on the financial statements of the School District.

GASB Statement No. 77, *Tax Abatement Disclosures*. This Statement requires disclosure of tax abatement information about (1) a reporting government's own tax abatement agreements and (2) those that are entered into by other governments and that reduce the reporting government's tax revenues. The implementation of GASB Statement No. 77 did not have an effect on the financial statements of the School District.

GASB Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans*. The objective of this Statement is to address a practice issue regarding the scope and applicability of Statement No. 68, Accounting and Financial Reporting for Pensions. This issue is associated with pensions provided through certain multiple-employer defined benefit pension plans and to state or local governmental employers whose employees are provided with such pensions. The implementation of GASB Statement No. 78 did not have an effect on the financial statements of the School District.

GASB Statement No. 80, *Blending Requirements for Certain Component Units-an amendment of GASB Statement No. 14*. The objective of this Statement is to improve financial reporting by clarifying the financial statement presentation requirements for certain component units. This Statement amends the blending requirements established in paragraph 53 of Statement No. 14, *The Financial Reporting Entity, as amended*. The implementation of GASB Statement No. 80 did not have an effect on the financial statements of the School District.

GASB Statement No. 82, *Pension Issues-an amendment of GASB Statements No. 67, No. 68, and No. 73*. The objective of this Statement is to address certain issues that have been raised with respect to Statements No. 67, *Financial Reporting for Pension Plans*, No. 68, *Accounting and Financial Reporting for Pensions*, and No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*. Specifically, this Statement addresses issues regarding (1) the presentation of payroll-related measures in required supplementary information, (2) the selection of assumptions and the treatment of deviations from the guidance in an Actuarial Standard of Practice for financial reporting purposes, and (3) the classification of payments made by employers to satisfy employee (plan member) contribution requirements. The implementation of GASB Statement No. 82 did not have an effect on the financial statements of the School District.

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**LORAIN COUNTY, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**  
**(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:

<u>Fund Balances</u>	<u>General</u>	<u>Building</u>	<u>Classroom Facilities</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<i>Nonspendable</i>					
Prepays	\$ 136,167	\$ -	\$ -	\$ -	\$ 136,167
Inventories	-	-	-	16,723	16,723
<i>Total Nonspendable</i>	<u>136,167</u>	<u>-</u>	<u>-</u>	<u>16,723</u>	<u>152,890</u>
<i>Restricted for</i>					
Food Service Operations	-	-	-	155,980	155,980
Federal Programs	-	-	-	500	500
Athletics	-	-	-	49,764	49,764
Capital Projects	-	7,256,058	9,667,816	737,266	17,661,140
Debt Service	-	-	-	1,245,694	1,245,694
Auxiliary Services	-	-	-	40,789	40,789
Other Purposes	-	-	-	221,195	221,195
<i>Total Restricted</i>	<u>-</u>	<u>7,256,058</u>	<u>9,667,816</u>	<u>2,451,188</u>	<u>19,375,062</u>
<i>Committed to</i>					
Underground Storage Tanks	22,000	-	-	-	22,000
<i>Total Committed</i>	<u>22,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>22,000</u>
<i>Assigned to</i>					
Student Instruction	727,420	-	-	-	727,420
Student Staff and Support	600,418	-	-	-	600,418
<i>Total Assigned</i>	<u>1,327,838</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,327,838</u>
<i>Unassigned (Deficit)</i>	<u>12,291,165</u>	<u>-</u>	<u>-</u>	<u>(413,571)</u>	<u>11,877,594</u>
<b>Total Fund Balances</b>	<u><u>\$ 13,777,170</u></u>	<u><u>\$ 7,256,058</u></u>	<u><u>\$ 9,667,816</u></u>	<u><u>\$ 2,054,340</u></u>	<u><u>\$ 32,755,384</u></u>



**AMHERST EXEMPTED VILLAGE SCHOOL DISTRICT  
LORAIN COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(CONTINUED)**

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**NOTE 5: ACCOUNTABILITY**

There are fund deficits in the Title I, Part B-IDEA, and Improving Teacher Quality, (all non-major Special Revenue Funds) of \$288,792, \$112,691, and \$12,088 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	\$ 765,959
Net Adjustment for Revenue Accruals	839,869
Net Adjustments for Expenditure Accruals	236,313
Advances Out	(325,513)
Funds with Separate Legally Adopted Budgets	19,315
Adjustment for Encumbrances	(1,239,460)
Budget Basis	\$ 296,483

**AMHERST EXEMPTED VILLAGE SCHOOL DISTRICT  
LORAIN COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(CONTINUED)**

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**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);

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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.

**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, 2017, \$250,000 of the School District's bank balance of \$729,883 was covered by FDIC while the remaining balance of \$479,883 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.

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

**Investments**

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable inputs. The below tables identify the School District's recurring fair value measurement as of June 30, 2017. As previously discussed Star Ohio is reported at its net asset value. The District's investments in U.S. Government money market accounts are valued using quoted market prices in active markets (Level 1 inputs). The District's investments in federal agency notes, commercial paper, and negotiable CDs are valued using quoted prices in markets that are not considered to be active, dealer quotations or alternative pricing sources for similar assets or liabilities for which all significant inputs are observable, either directly or indirectly (Level 2 inputs).

As of June 30, 2017, 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	\$ 7,320,207	\$ 7,320,207	\$ -	\$ -	\$ -
Money Market	546,500	546,500	-	-	-
U.S. Government Agency Notes	11,698,882	1,089,977	5,582,840	5,026,065	
Commercial Paper	13,525,159	13,525,159			
Negotiable CD's	2,476,012	-	1,233,270	998,240	244,502
Total Investments	<u>\$ 35,566,760</u>	<u>\$ 22,481,843</u>	<u>\$ 6,816,110</u>	<u>\$ 6,024,305</u>	<u>\$ 244,502</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 Agency 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. Investments in Commercial Paper were rated A-1+ by Standard & Poor's and P-1 by Moody's.

**Concentration of Credit Risk** Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single issuer. The School District's investment policy allows investments in 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.

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

**Investments** (Continued)

The following table includes the percentage of total of each investment type held by the School District at June 30, 2017:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Percent of Total</u>
STAR Ohio	\$ 7,320,207	20.58%
Money Market	546,500	1.54%
U.S. Government Agency Notes	11,698,882	32.89%
Commerical Paper	13,525,159	38.03%
Negotiable CD's	2,476,012	6.96%
Total Investments	<u>\$ 35,566,760</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 2017 represents collections of calendar year 2016 taxes. Real property taxes received in calendar year 2017 were levied after April 1, 2016, on the assessed value listed as of January 1, 2016, 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 2017 represents collections of calendar year 2016 taxes. Public utility property taxes received in calendar year 2017 became a lien on December 31, 2015, were levied after April 1, 2016, and are collected in 2017 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.

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, 2017, are available to finance fiscal year 2017 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

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

Accrued property taxes receivable includes delinquent taxes outstanding and real and public utility property taxes which were measurable as of June 30, 2017 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, 2017, was \$1,263,182, \$143,491 and \$45,486 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 2017 taxes were collected are:

	<u>2016 Second Half Collections</u>		<u>2017 First Half Collections</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/Residential and Other Real Estate	\$ 528,414,215	97.13%	\$ 531,572,760	96.65%
Public Utility	15,635,090	2.87%	18,452,320	3.35%
Total Assessed Value	<u>\$ 544,049,305</u>	<u>100.00%</u>	<u>\$ 550,025,080</u>	<u>100.00%</u>
Tax Rate (per \$1,000 of Assessed Valuation)	<u>\$ 74.30</u>		<u>\$ 74.21</u>	

NOTE 9: **RECEIVABLES**

Receivables at June 30, 2017 consisted of property taxes, interest, accounts, and intergovernmental, amounts. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. All receivables are expected to be received within one year. A summary of the principal items of intergovernmental receivables follows:

<u>Revenue Description</u>	<u>Amount</u>
State Employee Retirement System	\$ 118,533
Foundation	40,876
Special Education, Part B-IDEA	85,631
Title I	288,221
Improving Teacher Quality	11,920
Total Intergovernmental Receivables	<u>\$ 545,181</u>

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**NOTE 10: INTERFUND TRANSACTIONS**

During fiscal year 2017, GAAP transfers were required to reflect the pay off of Bond Anticipation Notes. These transfers were necessary to record the retirement in the proper governmental funds. The Bond Retirement Fund transferred \$9,650,917 and \$3,678,700 to the Classroom Facilities and Building Capital Project Funds, respectively.

Interfund balances as of June 30, 2017 are as follows:

<i>Fund</i>	<i>Receivable</i>	<i>Payable</i>
General	\$ 325,513	\$ -
Other Governmental Funds:		
IDEA-B Special Education	-	39,889
Title I	-	285,243
Improving Teacher Quality	-	381
Total Other Governmental Funds	-	325,513
Total All Funds	\$ 325,513	\$ 325,513

**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 2017, the School District participated in the Ohio School Boards Association Workers' Compensation Group Retro 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.

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NOTE 12: **CAPITAL ASSETS**

A summary of the changes in Governmental capital assets during fiscal year 2017 follows:

	Balance 6/30/2016	Additions	Deletions	Balance 6/30/2017
<b><u>Governmental Activities</u></b>				
Capital Assets, not being depreciated:				
Land	\$ 1,421,676	\$ -	\$ -	\$ 1,421,676
Construction in Progress	-	394,686	-	394,686
Total Capital Assets, not being depreciated	<u>1,421,676</u>	<u>394,686</u>	<u>-</u>	<u>1,816,362</u>
Capital Assets, being depreciated:				
Land Improvements	3,132,041	12,500	-	3,144,541
Buildings and Improvements	35,716,825	819,519	-	36,536,344
Furniture and Equipment	1,528,434	322,797	-	1,851,231
Vehicles	1,896,496	86,499	-	1,982,995
Total Capital Assets, being depreciated	<u>42,273,796</u>	<u>1,241,315</u>	<u>-</u>	<u>43,515,111</u>
Less Accumulated Depreciation:				
Land Improvements	(1,817,156)	(72,628)	-	(1,889,784)
Buildings and Improvements	(14,534,232)	(664,159)	-	(15,198,391)
Furniture and Equipment	(957,931)	(95,629)	-	(1,053,560)
Vehicles	(1,566,308)	(88,166)	-	(1,654,474)
Total Accumulated Depreciation	<u>(18,875,627)</u>	<u>(920,582)</u>	<u>-</u>	<u>(19,796,209)</u>
Total Capital Assets being depreciated, Net	<u>23,398,169</u>	<u>320,733</u>	<u>-</u>	<u>23,718,902</u>
<b>Governmental Activities</b>				
<b>Capital Assets, Net</b>	<u>\$24,819,845</u>	<u>\$ 715,419</u>	<u>\$ -</u>	<u>\$25,535,264</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:		
Regular		\$ 672,197
Special		1,272
Supporting Services:		
Pupil		696
Instructional Staff		4,958
Operation and Maintenance of Plant		99,371
Pupil Transportation		86,548
Operation of Non-Instructional Services		18,095
Extracurricular Activities		37,445
<b>Total Depreciation Expense</b>		<u>\$ 920,582</u>



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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 One America.

NOTE 14: **DEFINED BENEFIT PENSION PLAN**

A. **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.

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

A. **Net Pension Liability** (Continued)

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.

B. **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](http://www.ohsers.org) under Employers/Audit Resources.

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 65 with 5 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 years 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 3 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.

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

**B. Plan Description - School Employees Retirement System (SERS)** (Continued)

*Funding Policy* – Plan members are required to contribute 10 percent of their annual covered salary and the 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, 2017, the allocation to pension, death benefits, and Medicare B was 14.00 percent. No allocation was made to the Health Care Fund.

The School District's contractually required contribution to SERS was \$720,143 for fiscal year 2017. Of this amount \$61,491 is reported as an intergovernmental payable.

**C. 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](http://www.strsoh.org).

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.

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

C. **Plan Description - State Teachers Retirement System (STRS)** (Continued)

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, 11.5 of the 13.0 percent member rates goes to the DC Plan and 1.5 percent goes to the DB plan. Member contributions to the DC plan are allocated among investment choices by the member, and contributions to the DB plan from the employer and the member 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 after termination of employment at age 50 or later.

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 in the GASB 68 schedules of employer allocation and pension amounts by employer.

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.

***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. For the fiscal year ended June 30, 2017, plan members were required to contribute 14 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 2016 contribution rates were equal to the statutory maximum rates.

The School District's contractually required contributions to STRS was \$2,264,461 for fiscal year 2017. Of this amount \$397,968 is reported as an intergovernmental payable.

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

**D. 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, 2016, 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.

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportionate Share of the Net Pension Liability Prior Measurement Date	0.1700268%	0.15198722%	
Proportionate Share of the Net Pension Liability Current Measurement Date	<u>0.1631276%</u>	<u>0.15001044%</u>	
Change in Proportionate Share	<u>-0.0068992%</u>	<u>-0.0019768%</u>	
Proportion of the Net Pension Liability	\$11,939,436	\$50,213,017	62,152,453
Pension Expense	\$1,211,759	\$3,235,308	\$4,447,067

At June 30, 2017, 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>
<b>Deferred Outflows of Resources</b>			
Differences between expected and actual experience	\$161,034	\$2,028,849	\$2,189,883
Changes of assumptions	797,023	-	797,023
Net difference between projected and actual earnings on pension plan investments	984,831	4,169,028	5,153,859
Changes in proportion and differences between School District contributions and proportionate share of contributions	168,339	-	168,339
School District contributions subsequent to the measurement date	<u>720,143</u>	<u>2,264,461</u>	<u>2,984,604</u>
Total Deferred Outflows of Resources	<u>\$2,831,370</u>	<u>\$8,462,338</u>	<u>\$11,293,708</u>
<b>Deferred Inflows of Resources</b>			
Changes in proportion and differences between School District contributions and proportionate share of contributions	<u>\$ 292,750</u>	<u>\$ 1,385,500</u>	<u>\$ 1,678,250</u>

**AMHERST EXEMPTED VILLAGE SCHOOL DISTRICT  
LORAIN COUNTY, OHIO  
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(CONTINUED)**

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

D. **Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions** (Continued)

\$2,984,604 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, 2017. 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:	SERS	STRS	Total
2018	\$457,585	\$556,857	\$1,014,442
2019	456,876	556,858	1,013,734
2020	620,917	2,156,630	2,777,547
2021	283,099	1,542,032	1,825,131
Total	\$1,818,477	\$4,812,377	\$6,630,854

E. **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.

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(CONTINUED)**

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

E. **Actuarial Assumptions – SERS** (Continued)

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2016, are presented below:

Wage Inflation	3.00 percent
Future Salary Increases, including inflation	3.50 percent to 18.20 percent
COLA or Ad Hoc COLA	3 percent
Investment Rate of Return	7.50 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal

The RP-2014 Blue Collar Mortality Table with fully generational projection and Scale BB, 120% of male rates and 110% of female rates is used to evaluate allowances to be paid. The RP-2000 Disabled Mortality Table with 90% for male rates and 100% for female rates set back five years is used for the period after disability retirement.

The most recent experience study was completed June 30, 2015.

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	4.75
Non-US Stocks	22.50	7.00
Fixed Income	19.00	1.50
Private Equity	10.00	8.00
Real Assets	15.00	5.00
Multi-Asset Strategies	10.00	3.00
 Total	 <u>100.00 %</u>	

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

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

E. **Actuarial Assumptions – SERS** (Continued)

**Discount Rate** The total pension liability was calculated using the discount rate of 7.50 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 (7.50 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 7.50 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 (6.50 percent), or one percentage point higher (8.50 percent) than the current rate.

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
School District's proportionate share of the net pension liability	\$15,807,068	\$11,939,436	\$8,702,065

F. **Actuarial Assumptions – STRS**

The total pension liability in the June 30, 2016, 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, including inflation
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, 2016, valuation are based on the results of an actuarial experience study, effective July 1, 2012.



**AMHERST EXEMPTED VILLAGE SCHOOL DISTRICT  
LORAIN COUNTY, OHIO  
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(CONTINUED)**

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

F. **Actuarial Assumptions – STRS** (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, 2016. 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, 2016. 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, 2016.

**Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate** The following table presents the 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 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	\$66,729,018	\$50,213,017	\$36,280,795

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

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

F. **Actuarial Assumptions – STRS** (Continued)

**Changes Between Measurement Date and Report Date** In March 2017, the STRS Board adopted certain assumption changes which will impact their annual actuarial valuation prepared as of June 30, 2017. The most significant change is a reduction in the discount rate from 7.75 percent to 7.45 percent. In April 2017, the STRS Board voted to suspend cost of living adjustments granted on or after July 1, 2017. Although the exact amount of these changes is not known, the overall decrease to School District's NPL is expected to be significant.

G. **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, 2017, 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**

A. **School Employees Retirement System**

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

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

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

The Health Care Fund was established under, and is administered in accordance with, Internal Revenue Code 105(e). Each year after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer 14 percent contribution to the Health Care Fund in accordance with the funding policy. For the year ended June 30, 2017, the health care allocation is 0.00 percent. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. By statute no employer shall pay a health care surcharge greater than 2.0 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 2017, the minimum compensation level was established at \$23,500. The surcharge, added to the unallocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund.

**AMHERST EXEMPTED VILLAGE SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
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NOTE 15: **POST-EMPLOYMENT BENEFITS** (Continued)

A. **School Employees Retirement System** (Continued)

The School District's contributions for health care for the fiscal years ended June 30, 2017, 2016, and 2015 were \$89,387, \$82,713 and \$125,230 respectively. For fiscal year 2017, the full amount is being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2016 and 2015.

The SERS Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

The financial reports of SERS' Health Care plan are included in its Comprehensive Annual Financial Report. That report can be obtained on SERS' website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

B. **State Teachers Retirement System**

***Plan Description*** – STRS Ohio administers a pension plan that is comprised of a Defined Benefit Plan, a self-directed Defined Contribution Plan, and a Combined Plan that is a hybrid of the Defined Benefit Plan and the Defined Contribution Plan.

Ohio law authorizes STRS Ohio to offer a cost-sharing, multiple-employer health care plan. STRS Ohio provides access to health care coverage to eligible retirees who participated in the Defined Benefit or Combined Plans. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs, and partial reimbursement of monthly Medicare Part B premiums.

Pursuant to Chapter 3307 of the Ohio Revised Code, the Retirement Board has discretionary authority over how much, if any, of the associated health care costs will be absorbed by STRS Ohio. All health care plan enrollees, for the most recent year, pay a portion of the health care costs in the form of a monthly premium.

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

***Funding Policy*** - Under Ohio law, funding for post-employment health care may be deducted from employer contributions. Of the 14.00 percent employer contribution rate, no allocation was made to post-employment health care for the years ended June 30, 2017, June 30, 2016 and June 30, 2015. The 14.00 percent employer contribution rate is the maximum rate established under Ohio law.

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NOTE 16: **SHORT-TERM OBLIGATIONS**

	Balance as of 6/30/2016	Issuances	Retirements	Balance as of 6/30/2017
School Improvement Notes, Series 2016	\$ -	\$ 8,450,000	\$ (8,450,000)	\$ -
Premium	-	11,950	(11,950)	-
School Improvement Notes, Series 2017	-	4,879,617	(4,879,617)	-
Premium	-	13,273	(13,273)	-
	<u>\$ -</u>	<u>\$ 13,354,840</u>	<u>\$ (13,354,840)</u>	<u>\$ -</u>

On November 21, 2016, the School District issued \$8,450,000 in School Improvement Notes with an interest rate of 1.10 percent for classroom facilities and school improvement. The notes were paid off with the issues of the issuance of a Classroom Facilities and Improvement Bond in fiscal year 2017. See Note 17 for further information.

On November 21, 2016, the School District issued \$4,879,617 in School Improvement Notes with an interest rate of 2.00 percent for classroom facilities and school improvement. The notes were paid off with the issues of the issuance of a Classroom Facilities and Improvement Bond in fiscal year 2017. See Note 17 for further information.

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**AMHERST EXEMPTED VILLAGE SCHOOL DISTRICT**  
**LORAIN COUNTY, OHIO**  
**NOTES TO THE BASIC FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 2017**  
**(CONTINUED)**

**NOTE 17: LONG-TERM OBLIGATIONS**

The changes in the School District's long-term obligations during fiscal year 2017 were as follows:

	Balance as of 6/30/2016	Issuances	Retirements	Balance as of 6/30/2017	Amounts Due In One Year
<i>General Long-Term Bonds</i>					
Refunding Bonds, Series 2006 4.0% - 4.375%					
Maturing December 1, 2027:					
Serial and Term Bonds	\$ 1,380,000	\$ -	\$ (1,380,000)	\$ -	\$ -
Premium	31,973	-	(31,973)	-	-
Refunding Bonds, Series 2016 4.0% - 3.780%					
Maturing December 1, 2029:					
Term Bonds	10,980,000	-	-	10,980,000	485,000
Premium	326,385	-	(24,327)	302,058	-
Classroom Facilities and School Improvement					
Bonds, Series 2017A 2.0% -4.0%					
Maturing December 1, 2038:					
Serial and Term Bonds	-	8,975,000	-	8,975,000	165,000
Premium	-	154,013	-	154,013	-
Classroom Facilities and School Improvement					
Bonds, Series 2017B 3.0% -4.0%					
Maturing December 1, 2038:					
Serial Bonds	-	7,835,000	-	7,835,000	165,000
Premium	-	610,736	-	610,736	-
<b>Total General Long-Term Bonds</b>	<b>12,718,358</b>	<b>17,574,749</b>	<b>(1,436,300)</b>	<b>28,856,807</b>	<b>815,000</b>
Energy Conservation Note, Series 2002 5.0%	100,000	-	(100,000)	-	-
Tax Anticipation Note, Series 2016 1.45%	1,500,000	-	(291,000)	1,209,000	296,000
Net Pension Liability:					
STRS	42,004,823	8,208,194	-	50,213,017	-
SERS	9,701,894	2,237,542	-	11,939,436	-
<b>Total Net Pension Liability</b>	<b>51,706,717</b>	<b>10,445,736</b>	<b>-</b>	<b>62,152,453</b>	<b>-</b>
Judgment Payable	515,521	-	(257,760)	257,761	85,920
Capital Lease	127,966	-	(28,201)	99,765	-
Compensated Absences	5,254,024	(1,993,528)	2,084,272	5,344,768	2,120,269
<b>Total Long-Term Obligations</b>	<b>\$ 71,922,586</b>	<b>\$ 26,026,957</b>	<b>\$ (28,989)</b>	<b>\$ 97,920,554</b>	<b>\$ 3,317,189</b>

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

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.

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NOTE 17: **LONG-TERM OBLIGATIONS** (Continued)

On June 2, 2016, the School District issued \$10,980,000 in general obligation bonds with an interest rate of 3.780 percent to advance refund the callable portion of the School District's outstanding refunding bonds, series 2006. The serial and term bonds mature on December 1, 2026, and are callable on December 1, 2016. The general obligation bonds proceeds consisted of bond principal and \$328,412 of premium and, after paying issuance costs of \$110,200 and \$3,295 deposited in the School District's Bond Retirement Fund, the net proceeds were \$11,194,917. The net proceeds were deposited in an irrevocable trust with an escrow agent to provide debt service payments until the term bonds are called on December 1, 2016. The advance refunding met the requirements of a debt defeasance and the serial and term bonds were removed from the District's government-wide financial statements.

As a result of the advance refunding, the School District reduced its total debt service requirements by \$990,325, which resulted in an economic gain of \$461,547.

On February 27, 2017, the School District issued \$8,975,000 in Classroom Facilities and School Improvement Bonds with an interest rate of 2.00 to 4.00 percent. The serial and term bonds mature on December 1, 2038.

On March 20, 2017, the School District issued \$7,835,000 in Classroom Facilities and School Improvement Bonds with an interest rate of 3.00 to 4.00 percent. The serial bonds mature on December 1, 2038.

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 was paid in full as of June 30, 2017.

On March 17, 2016, the School District issued a Tax Anticipation Note in the amount of \$1,500,000 with an interest rate of 1.45%. These notes will also be paid with voted and unvoted general property taxes receipted into the General Fund and are scheduled to mature December 1, 2020.

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 and is recorded as a judgment payable.

See further discussion of Net Pension Liability at Note 14.

See further discussion of capital leases at Note 23.

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 \$21,748,951 at June 30, 2017.

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

NOTE 17: **LONG-TERM OBLIGATIONS** (Continued)

The following is a summary of the School District's Future annual principal and interest requirements:

Fiscal Year Ending June 30,	Classroom Facilities and School		Refunding Bonds		Tax Anticipation Note	
	Improvement Bonds		Principal	Interest	Principal	Interest
	Principal	Interest				
2018	\$ 360,000	\$ 539,274	\$ 485,000	\$ 405,877	\$ 296,000	\$ 15,385
2019	445,000	526,685	710,000	383,292	300,000	11,064
2020	455,000	511,785	735,000	355,982	305,000	6,677
2021	475,000	500,260	760,000	327,726	308,000	2,233
2022	480,000	491,485	790,000	298,431	-	-
2023-2027	2,565,000	2,294,475	4,420,000	1,012,096	-	-
2028-2032	3,770,000	1,812,470	3,080,000	177,471	-	-
2033-2037	5,700,000	983,657	-	-	-	-
2038-2039	2,560,000	98,025	-	-	-	-
	<u>\$ 16,810,000</u>	<u>\$ 7,758,116</u>	<u>\$ 10,980,000</u>	<u>\$ 2,960,875</u>	<u>\$ 1,209,000</u>	<u>\$ 35,359</u>

Fiscal Year Ending June 30,	Judgement Payable	Total	
	Principal	Principal	Interest
2018	\$ 85,920	\$ 1,312,840	\$ 960,536
2019	171,841	1,626,841	921,041
2020	-	1,495,000	874,444
2021	-	1,543,000	830,219
2022	-	1,270,000	789,916
2023-2027	-	6,985,000	3,306,571
2028-2032	-	6,850,000	1,989,941
2033-2037	-	5,700,000	983,657
2038-2039	-	2,560,000	98,025
	<u>\$ 257,761</u>	<u>\$ 29,342,681</u>	<u>\$ 10,754,349</u>

NOTE 18: **JOINTLY GOVERNED ORGANIZATIONS**

A. **Connect**

Connect (formerly known as North Coast Council) is a jointly governed computer service bureau owned and operated by 3 educational service centers and 26 public school districts. The primary function of Connect is to provide to its members the support and leadership which enables organizations to achieve their objectives through innovative and cost effective shared technology solutions. Major areas of service provided by Connect include accounting, payroll, inventory, career guidance services, handicapped student tracking, pupil scheduling, attendance reporting and grade reporting. Connect is wholly owned by its member districts and is governed by a Board of Directors. Connect's current membership includes the Educational Service Center of Cuyahoga County, Educational Service Center of Lorain County, Educational Service Center of Medina County, and 26 school districts in Cuyahoga, Lorain, and Medina counties. Each year, the Board of Directors elects a Chairman, a Vice Chairman and a Recording Secretary. The Treasurer of the fiscal agent is a nonvoting, ex-officio member of the Board of Directors. The Educational Service Center of Cuyahoga County serves as the fiscal agent of Connect. The degree of control exercised by any participating school district is limited to its representation on the Board. Each school district supports Connect based upon a per pupil charge dependent upon the software packages used.

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NOTE 18: **JOINTLY GOVERNED ORGANIZATIONS** (Continued)

In fiscal year 2017, the School District paid \$115,767 to Connect. Financial information can be obtained by contacting the Treasurer of the fiscal agent at 5700 West Canal Road, Valley View, Ohio 44125.

**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 2017, the School District paid \$400 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 203 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 2017, the School District paid \$91,608 to the Council. Financial information can be obtained by contacting William J. Zelei, the Executive Director/Treasurer of the Ohio Schools at 6393 Oak Tree Boulevard, Suite 377, 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. Constellation New Energy (formerly Compass as of July 1, 2017) is serving as the supplier and program through June 30, 2018. There are currently 157 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.



**AMHERST EXEMPTED VILLAGE SCHOOL DISTRICT  
LORAIN COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(CONTINUED)**

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NOTE 18: **JOINTLY GOVERNED ORGANIZATIONS** (Continued)

The degree of control exercised by any participating school district is limited to its representation on the Board. In fiscal year 2017, the School District paid \$4,008,897 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.

NOTE 19: **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 20: **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. 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 finalized the final impact of enrollment adjustments to the June 30, 2017 Foundation funding for the school district.

**AMHERST EXEMPTED VILLAGE SCHOOL DISTRICT  
LORAIN COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(CONTINUED)**

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**NOTE 21: 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, 2016	\$ -
Current Year Set-Aside Requirements	656,376
Qualifying Disbursements	<u>(2,334,625)</u>
Total	<u><u>\$ (1,678,249)</u></u>
Set-Aside Balance Carried Forward to Future Fiscal Years	<u>\$ -</u>
Set-Aside Balance as of June 30, 2017	<u><u>\$ -</u></u>

**NOTE 22: 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, 2017, the School District's significant commitments for encumbrances in the governmental funds were as follows:

	<u>Outstanding Encumbrances</u>
General Fund	\$ 1,228,561
Building	821,684
Nonmajor governmental funds	<u>140,829</u>
	<u><u>\$ 2,191,074</u></u>

**AMHERST EXEMPTED VILLAGE SCHOOL DISTRICT  
LORAIN COUNTY, OHIO  
NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2017  
(CONTINUED)**

**NOTE 23: CAPITALIZED LEASE – LESSEE DISCLOSURE**

On July 9, 2013, the District entered into a capitalized lease for the Stadium Lighting Project. 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, 2017, was \$15,616, leaving a current book value of \$184,384. A corresponding liability is recorded in the government-wide financial statements. Principal payments in fiscal year 2017 totaled \$28,201 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, 2017:

Fiscal Year Ending June 30,	Amount
2018	\$ 32,877
2019	32,877
2020	32,877
2021	8,219
Total	106,850
Less: Amount representing interest	(7,085)
Total	\$ 99,765

**NOTE 24: 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, 2017. The future minimum lease payments for these leases are as follows:

Fiscal Year Ending June 30,	Apple, Inc.	RS Business Machines, Inc.	Total
2018	\$ 110,904	\$ 88,152	\$ 199,056
2019	110,904	-	110,904
2020	110,904	-	110,904
Total	\$ 332,712	\$ 88,152	\$ 420,864

**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 EMPLOYEES RETIREMENT SYSTEM OF OHIO  
LAST FOUR FISCAL YEARS (1)**

	2016	2015	2014	2013
School District's Proportion of the Net Pension Liability	0.1631276%	0.1700268%	0.1644370%	0.1644370%
School District's Proportionate Share of the Net Pension Liability	\$11,939,436	\$9,701,894	\$8,322,063	\$9,778,541
School District's Covered-Employee Payroll	\$ 5,075,421	\$5,125,015	\$4,756,154	\$4,677,392
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	235.24%	189.30%	174.97%	209.06%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.98%	69.16%	71.70%	65.52%

(1) Information prior to 2013 is not available. Schedule is intended to show ten years of information, and additional years' will be displayed as it becomes 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 FOUR FISCAL YEARS (1)**

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
School District's Proportion of the Net Pension Liability	0.15001044%	0.15198722%	0.15744926%	0.15744926%
School District's Proportionate Share of the Net Pension Liability	\$ 50,213,017	\$ 42,004,823	\$ 38,297,109	\$ 45,619,266
School District's Covered-Employee Payroll	\$ 15,677,036	\$ 16,064,057	\$ 15,921,238	\$ 16,980,877
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	320.30%	261.48%	240.54%	268.65%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	66.80%	72.10%	74.70%	69.30%

(1) Information prior to 2013 is not available. Schedule is intended to show ten years of information, and additional years' will be displayed as it becomes 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**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Contractually Required Contribution	\$ 720,143	\$ 710,559	\$ 675,477	\$ 659,203	\$ 647,351	\$ 672,250	\$ 738,022	\$ 837,890	\$ 452,311	\$ 443,151
Contributions in Relation to the Contractually Required Contribution	<u>(720,143)</u>	<u>(710,559)</u>	<u>(675,477)</u>	<u>(659,203)</u>	<u>(647,351)</u>	<u>(672,250)</u>	<u>(738,022)</u>	<u>(837,890)</u>	<u>(452,311)</u>	<u>(443,151)</u>
Contribution Deficiency (Excess)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
School District Covered-Employee Payroll	\$ 5,143,879	\$ 5,075,421	\$ 5,125,015	\$ 4,756,154	\$ 4,677,392	\$ 4,998,141	\$ 5,871,297	\$ 6,188,257	\$ 4,596,657	\$ 4,512,739
Contributions as a Percentage of Covered-Employee Payroll	14.00%	14.00%	13.18%	13.86%	13.84%	13.45%	12.57%	13.54%	9.84%	9.82%

**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**

	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>
Contractually Required Contribution	\$ 2,264,461	\$ 2,194,785	\$ 2,248,968	\$ 2,069,761	\$ 2,207,514	\$ 2,316,074	\$ 2,385,184	\$ 2,237,009	\$ 2,193,806	\$ 2,136,346
Contributions in Relation to the Contractually Required Contribution	<u>(2,264,461)</u>	<u>(2,194,785)</u>	<u>(2,248,968)</u>	<u>(2,069,761)</u>	<u>(2,207,514)</u>	<u>(2,316,074)</u>	<u>(2,385,184)</u>	<u>(2,237,009)</u>	<u>(2,193,806)</u>	<u>(2,136,346)</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
School District Covered-Employee Payroll	\$ 16,174,721	\$ 15,677,036	\$ 16,064,057	\$ 15,921,238	\$ 16,980,877	\$ 17,815,954	\$ 18,347,569	\$ 17,207,762	\$ 16,875,431	\$ 16,433,431
Contributions as a Percentage of Covered-Employee Payroll	14.00%	14.00%	14.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

**AMHERST EXEMPTED VILLAGE SCHOOL DISTRICT  
LORAIN COUNTY, OHIO  
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**

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SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal years 2014-2017.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2016. For fiscal year 2017, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) Rates of withdrawal, retirement and disability were updated to reflect recent experience, (e) mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females, (f) mortality among service retired members, and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates and (g) mortality among disable member was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

STATE TEACHERS RETIREMENT SYSTEM (STRS) OF OHIO

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal years 2014-2017.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2017. See the notes to the basic financial statements for the methods and assumptions in this calculation.



**AMHERST EXEMPTED VILLAGE SCHOOL DISTRICT  
LORAIN COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2017**

<b>FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Pass Through Entity Identifying Number</b>	<b>Total Federal Expenditures</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<i>Passed Through Ohio Department of Education</i>			
Child Nutrition Cluster:			
School Breakfast Program (SBP)	10.553	N/A	63,248
National School Lunch Program (NSLP)	10.555	N/A	336,578
National School Lunch Program (NSLP) - Non-Cash	10.555	N/A	85,239
Total Child Nutrition Cluster			<u>485,065</u>
Total U.S. Department of Agriculture			<u>485,065</u>
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<i>Passed Through Ohio Department of Education</i>			
Title I Grants to Local Educational Agencies (Title I, Part A of the ESEA) - 2016	84.010	N/A	10,676
Title I Grants to Local Educational Agencies (Title I, Part A of the ESEA) - 2017	84.010	N/A	424,061
Total Title I Grants to Local Educational Agencies (Title I, Part A of the ESEA)			<u>434,737</u>
Special Education Cluster (IDEA):			
Special Education - Grants to States (IDEA, Part B) - 2016	84.027	N/A	130,219
Special Education - Grants to States (IDEA, Part B) - 2017	84.027	N/A	491,300
Total Special Education - Grants to States (IDEA, Part B)			<u>621,519</u>
Special Education - Preschool Grants (IDEA Preschool) - 2017	84.173	N/A	13,581
Total Special Education - Preschool Grants (IDEA Preschool)			<u>13,581</u>
Total Special Education Cluster (IDEA)			<u>635,100</u>
Title II, Part A, Improving Teacher Quality State Grants - 2016	84.367	N/A	12,177
Title II, Part A, Improving Teacher Quality State Grants - 2017	84.367	N/A	46,159
Total Title II, Part A, Improving Teacher Quality State Grants			<u>58,336</u>
Total U.S. Department of Education			<u>1,128,173</u>
<b>Total Expenditures of Federal Awards</b>			<b><u>\$ 1,613,238</u></b>

*The accompanying notes are an integral part of this schedule.*

**AMHERST EXEMPTED VILLAGE SCHOOL DISTRICT  
LORAIN COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
2 CFR 200.510(b)(6)  
FOR THE YEAR ENDED JUNE 30, 2017**

**NOTE A – BASIS OF PRESENTATION**

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of Amherst Exempted Village School District (the District's) under programs of the federal government for the year ended June 30, 2017. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**NOTE C - CHILD NUTRITION CLUSTER**

The District commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the District assumes it expends federal monies first.

**NOTE D – FOOD DONATION PROGRAM**

The District reports commodities consumed on the Schedule at the entitlement value. The District allocated donated food commodities to the respective program that benefitted from the use of those donated food commodities.

**NOTE E - MATCHING REQUIREMENTS**

Certain Federal programs require the District to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The District has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.

**AMHERST EXEMPTED VILLAGE SCHOOL DISTRICT  
LORAIN COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
2 CFR 200.510(b)(6)  
FOR THE YEAR ENDED JUNE 30, 2017  
(Continued)**

**NOTE F – TRANSFERS BETWEEN PROGRAM YEARS**

Federal regulations require schools to obligate certain federal awards by June 30. However, with ODE's consent, schools can transfer unobligated amounts to the subsequent fiscal year's program. The District transferred the following amounts from 2016 to 2017 programs:

<u>Program Title</u>	<u>CFDA Number</u>	<u>Amount Transferred</u>
Title I Grants to Local Educational Agencies	84.010	\$ 88,031
Special Education – Grants to States	84.027	\$ 61,062

CFDA – Catalog of Federal Domestic Assistance.

N/A – Not applicable.

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

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

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, 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, (the District) as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 21, 2018.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the District's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the District's financial statements. 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 internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

***Compliance and Other Matters***

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State  
Columbus, Ohio

March 21, 2018



# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

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

To the Board of Education:

### ***Report on Compliance for the Major Federal Program***

We have audited the Amherst Exempted Village School District's (the District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect the Amherst Exempted Village School District's major federal program for the year ended June 30, 2017. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the District's major federal program.

### ***Management's Responsibility***

The District's management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

### ***Auditor's Responsibility***

Our responsibility is to opine on the District's compliance for the District's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect 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 our audit provides a reasonable basis for our compliance opinion on the District's major program. However, our audit does not provide a legal determination of the District's compliance.

***Opinion on the Major Federal Program***

In our opinion, the Amherst Exempted Village School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the year ended June 30, 2017.

***Report on Internal Control over Compliance***

The District's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the District's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined 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, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. 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 federal program compliance requirement will not be prevented, or timely detected and corrected. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement 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 would not necessarily 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.

This report only describes the scope of our internal control over compliance tests and the results of this testing based on Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

March 21, 2018



**AMHERST EXEMPTED VILLAGE SCHOOL DISTRICT  
LORAIN COUNTY**

**SCHEDULE OF FINDINGS  
2 CFR § 200.515  
JUNE 30, 2017**

**1. SUMMARY OF AUDITOR'S RESULTS**

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material weaknesses in internal control reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under 2 CFR § 200.516(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Special Education Cluster (IDEA): Special Education - Grants to States (IDEA, Part B) - CFDA #84.027 Special Education - Preschool Grants (IDEA Preschool) - CFDA #84.173
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 750,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee under 2 CFR §200.520?	Yes

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

None.

**3. FINDINGS FOR FEDERAL AWARDS**

None.

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# Dave Yost • Auditor of State

**AHMERST 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  
MARCH 29, 2018**