



**AMHERST EXEMPTED VILLAGE SCHOOL DISTRICT
LORAIN COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**AMHERST EXEMPTED VILLAGE SCHOOL DISTRICT
LORAIN COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Report of Independent Accountants	1
General-Purpose Financial Statements:	
Combined Balance Sheet - All Fund Types and Account Groups	4
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - All Governmental Fund Types and Expendable Trust Fund	7
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (Non-GAAP Budgetary Basis) All Governmental Fund Types and Expendable Trust Fund	8
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - All Proprietary Fund Types and Similar Trust Fund	11
Combined Statement of Cash Flows - All Proprietary Fund Types and Similar Trust Fund	12
Notes to the General Purpose Financial Statements	13
Schedule of Federal Awards Receipts and Expenditures	35
Notes to the Schedule of Federal Awards Receipts and Expenditures	36
Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	37
Report on Compliance with Requirements Applicable to the Major Federal Program and Internal Control over Compliance in Accordance with OMB Circular A-133	39
Schedule of Findings	41

This page intentionally left blank.



STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

Lausche Bldg
615 W Superior Ave
Floor 12
Cleveland OH 44113 - 1801
Telephone 216-787-3665
800-626-2297
Facsimile 216-787-3361
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

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

To the Board of Education:

We have audited the accompanying financial statements of the Amherst Exempted Village School District, Lorain County, Ohio, (the District) as of and for the year ended June 30, 2000, as listed in the table of contents. These general-purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Amherst Exempted Village School District, Lorain County, Ohio, as of June 30, 2000, and the results of its operations and the cash flows of its proprietary fund type for the year then ended in conformity with generally accepted accounting principals.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 15, 2000 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 grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Board of Education
Amherst Exempted Village School District
Lorain County
Report of Independent Auditors
Page 2

Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements of the District, taken as a whole. The accompanying Schedule of Federal Awards Receipts and Expenditures is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

Jim Petro
Auditor of State

November 15, 2000

This page intentionally left blank.

AMHERST EXEMPTED VILLAGE SCHOOL DISTRICT
LORAIN COUNTY
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
AS OF JUNE 30, 2000

	Governmental Fund Types		
	General	Special Revenue	Capital Project
Assets and Other Debits:			
Assets:			
Equity in Pooled Cash and			
Cash Equivalents	\$4,983,795	\$376,431	\$478,453
Restricted Assets	780,089	0	0
Receivables:			
Taxes	11,152,911	47,868	549,258
Intergovernmental	0	0	0
Interfund	31,810	0	0
Inventory Held for Sale	0	0	0
Fixed Assets (Net, where applicable, of Accumulated Depreciation)	0	0	0
Other Debits:			
Amount to be Provided for Retirement of Long-Term Obligations	0	0	0
Total Assets and Other Debits	16,948,605	424,299	1,027,711
Liabilities, Fund Equity, and Other Credits:			
Liabilities:			
Accounts Payable	246,944	7,607	8,427
Accrued Wages and Benefits	2,495,102	63,476	0
Interfund Payable	0	0	31,810
Due to Students	0	0	0
Deferred Revenue	8,875,124	39,739	425,475
Long Term Compensated Absences	0	0	0
Long Term Early Retirement Incentive	0	0	0
Long Term Retirement (SERS)	0	0	0
Capital Leases Payable	0	0	0
Total Liabilities	11,617,170	110,822	465,712
Fund Equity and Other Credits:			
Investment in General Fixed Assets	0	0	0
Contributed Capital	0	0	0
Retained Earnings, Unreserved	0	0	0
Fund Balance:			
Reserved for Encumbrances	46,768	38,855	355,137
Reserved for Endowments	0	0	0
Reserved for Budget Stabilization	494,790	0	0
Reserved for Textbooks	285,299	0	0
Reserved for Property Taxes	2,277,787	8,129	123,783
Unreserved, Undesignated	2,226,791	266,493	83,079
Total Fund Equity and Other Credits	5,331,435	313,477	561,999
Total Liabilities, Fund Equity and Other Credits	\$16,948,605	\$424,299	\$1,027,711

See accompanying notes to general purpose financial statements.

Proprietary Fund Types	Fiduciary Fund Types	Account Groups		Totals
Enterprise & Internal Service	Trust & Agency	Gen. Fixed Assets	Gen. Long Term Oblig.	(Memorandum Only)
\$347,134	\$67,993	\$0	\$0	\$6,253,806
0	50,000	0	0	830,089
0	0	0	0	11,750,037
17,246	0	0	0	17,246
0	0	0	0	31,810
26,554	0	0	0	26,554
104,690	0	17,125,946	0	17,230,636
0	0	0	4,158,383	4,158,383
495,624	117,993	17,125,946	4,158,383	40,298,561
956	0	0	0	263,934
59,316	0	0	0	2,617,894
0	0	0	0	31,810
0	50,990	0	0	50,990
19,951	0	0	0	9,360,289
85,498	0	0	3,407,198	3,492,696
0	0	0	512,933	512,933
0	0	0	196,524	196,524
0	0	0	41,728	41,728
165,721	50,990	0	4,158,383	16,568,798
0	0	17,125,946	0	17,125,946
82,551	0	0	0	82,551
247,352	0	0	0	247,352
0	0	0	0	440,760
0	50,000	0	0	50,000
0	0	0	0	494,790
0	0	0	0	285,299
0	0	0	0	2,409,699
0	17,003	0	0	2,593,366
329,903	67,003	17,125,946	0	23,729,763
\$495,624	\$117,993	\$17,125,946	\$4,158,383	\$40,298,561

This page intentionally left blank.

AMHERST EXEMPTED VILLAGE SCHOOL DISTRICT
LORAIN COUNTY
COMBINED STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES -
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND
FOR THE YEAR ENDED JUNE 30, 2000

	Governmental Fund Types			Fiduciary Fund Type	Totals
	General	Special Revenue	Capital Project	Expendable Trust	(Memorandum Only)
Revenues:					
Taxes	\$11,207,025	\$47,880	\$569,278	\$0	\$11,824,183
Intergovernmental	9,848,498	702,318	319,325	0	10,870,141
Interest	418,047	2,529	0	4,005	424,581
Tuition and Fees	196,231	121,116	0	0	317,347
Extracurricular Activities	0	83,773	0	0	83,773
Miscellaneous	31,917	200,573	0	0	232,490
Total Revenues	21,701,718	1,158,189	888,603	4,005	23,752,515
Expenditures:					
Instruction:					
Regular	10,681,492	351,835	76,706	0	11,110,033
Special	1,675,382	207,973	3,365	0	1,886,720
Vocational	358,159	0	0	0	358,159
Support Services:					
Pupils	841,212	24,801	0	0	866,013
Instructional Staff	1,001,508	78,759	0	0	1,080,267
Board of Education	9,721	0	0	0	9,721
Administration	1,635,321	142,308	16,388	0	1,794,017
Fiscal	441,740	837	10,455	0	453,032
Operation and Maintenance of Plant	1,904,858	17,482	726,166	0	2,648,506
Pupil Transportation	736,988	0	255,799	0	992,787
Operation of Non-Instructional Services					
Extracurricular Activities	440,343	94,980	9,773	0	545,096
Other Services	0	10,000	42,927	0	52,927
Total Expenditures	19,742,821	1,101,093	1,151,229	3,450	21,998,593
Excess of Revenues Over (Under) Expenditures	1,958,897	57,096	(262,626)	555	1,753,922
Other Financing Sources (Uses):					
Proceeds from Sale of Fixed Assets	14,872	0	19,149	0	34,021
Refund of Prior Year Expenditures	12,001	0	0	0	12,001
Refund of Prior Year Receipts	0	(232)	0	0	(232)
Operating Transfers In	0	24,900	0	0	24,900
Operating Transfers Out	(24,900)	0	0	0	(24,900)
Total Other Financing Sources (Uses)	1,973	24,668	19,149	0	45,790
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	1,960,870	81,764	(243,477)	555	1,799,712
Fund Balances (Deficit) at Beginning of Year	3,370,565	231,713	805,476	16,448	4,424,202
Fund Balances (Deficit) at End of Year	\$5,331,435	\$313,477	\$561,999	\$17,003	\$6,223,914

See accompanying notes to general purpose financial statements.

AMHERST EXEMPTED VILLAGE SCHOOL DISTRICT
LORAIN COUNTY
COMBINED STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES -
BUDGET - ACTUAL (NON - GAAP BUDGETARY BASIS)
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE
TRUST FUND
FOR THE YEAR ENDED JUNE 30, 2000

	General			Special Revenue Funds		
	Budget	Actual	Variance	Budget	Actual	Variance
Revenues:						
Taxes	\$10,616,311	\$10,616,311	\$0	\$45,948	\$45,948	\$0
Intergovernmental	9,851,162	9,848,498	(2,664)	702,319	702,318	(1)
Interest	417,700	418,047	347	2,295	2,529	234
Tuition and Fees	187,055	196,231	9,176	118,490	121,116	2,626
Extracurricular Activities	0	0	0	83,622	83,773	151
Miscellaneous	28,784	31,917	3,133	193,124	200,573	7,449
Total Revenues	21,101,012	21,111,004	9,992	1,145,798	1,156,257	10,459
Expenditures:						
Instruction:						
Regular	11,091,526	10,602,550	488,976	397,564	365,772	31,792
Special	1,697,998	1,476,216	221,782	227,175	207,100	20,075
Vocational	374,900	367,586	7,314	0	0	0
Support Services:						
Pupils	882,749	849,758	32,991	26,737	24,469	2,268
Instructional Staff	1,048,919	989,173	59,746	91,998	78,087	13,911
Board of Education	11,350	9,721	1,629	0	0	0
Administration	1,732,575	1,600,069	132,506	161,713	144,083	17,630
Fiscal	496,460	447,087	49,373	1,114	852	262
Operation and Maintenance of Plant	2,211,708	1,904,325	307,383	28,463	27,491	972
Pupil Transportation	771,016	732,506	38,510	0	0	0
Operation of Non Instru. Service	24,172	17,837	6,335	294,362	195,598	98,764
Extracurricular Activities	479,620	442,787	36,833	105,483	96,012	9,471
Remodeling	0	0	0	0	0	0
Other Services	0	0	0	10,000	10,000	0
Total Expenditures	20,822,993	19,439,615	1,383,378	1,344,609	1,149,464	195,145
Excess of Revenues Over (Under) Expenditures	278,019	1,671,389	1,393,370	(198,811)	6,793	205,604
Other Financing Sources (Uses):						
Proceeds from Sale of Fixed Assets	13,664	14,872	1,208	0	0	0
Refund of Prior Year Expenditures	11,383	12,001	618	0	0	0
Refund of Prior Year Receipts	(4,500)	0	4,500	(268)	(232)	36
Advances In	0	0	0	0	0	0
Advances Out	(1,000,000)	(31,810)	968,190	0	0	0
Operating Transfers-In	0	0	0	24,900	24,900	0
Operating Transfers-Out	(32,500)	(24,900)	7,600	0	0	0
Total Other Financing Sources (Uses)	(1,011,953)	(29,837)	982,116	24,632	24,668	36
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(733,934)	1,641,552	2,375,486	(174,179)	31,461	205,640
Fund Balances at Beginning of Year	3,889,825	0	0	266,289	0	0
Prior Year Encumbrances Appropriated	166,792	166,792	0	33,679	33,679	0
Fund Balances at End of Year	\$3,322,683	\$5,698,169	\$2,375,486	\$125,789	\$331,429	\$205,640

Capital Project Funds			Expendable Trust Fund		
Budget	Actual	Variance	Budget	Actual	Variance
\$536,257	\$536,256	(\$1)	\$0	\$0	\$0
318,325	319,325	1,000	0	0	0
0	0	0	3,970	4,005	35
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
854,582	855,581	999	3,970	4,005	35
88,641	87,026	1,615	0	0	0
3,500	3,365	135	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
22,698	16,388	6,310	0	0	0
17,576	10,531	7,045	0	0	0
1,135,793	1,082,900	52,893	0	0	0
261,860	255,799	6,061	0	0	0
14,000	9,650	4,350	4,500	3,950	550
11,000	9,773	1,227	0	0	0
43,000	42,927	73	0	0	0
0	0	0	0	0	0
1,598,068	1,518,359	79,709	4,500	3,950	550
(743,486)	(662,778)	80,708	(530)	55	585
19,149	19,149	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
31,810	31,810	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
50,959	50,959	0	0	0	0
(692,527)	(611,819)	80,708	(530)	55	585
459,033	0	0	16,448	0	0
267,674	267,674	0	0	0	0
<u>\$34,180</u>	<u>\$114,888</u>	<u>\$80,708</u>	<u>\$15,918</u>	<u>\$16,503</u>	<u>\$585</u>

AMHERST EXEMPTED VILLAGE SCHOOL DISTRICT
LORAIN COUNTY
COMBINED STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES -
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE
TRUST FUND
FOR THE YEAR ENDED JUNE 30, 2000

	Totals (Memorandum Only)		
	Budget	Actual	Variance
Revenues:			
Taxes	\$11,198,516	\$11,198,515	(\$1)
Intergovernmental	10,871,806	10,870,141	(1,665)
Interest	423,965	424,581	616
Tuition and Fees	305,545	317,347	11,802
Extracurricular Activities	83,622	83,773	151
Miscellaneous	221,908	232,490	10,582
Total Revenues	23,105,362	23,126,847	21,485
Expenditures:			
Instruction:			
Regular	11,577,731	11,055,348	522,383
Special	1,928,673	1,686,681	241,992
Vocational	374,900	367,586	7,314
Support Services:			
Pupils	909,486	874,227	35,259
Instructional Staff	1,140,917	1,067,260	73,657
Board of Education	11,350	9,721	1,629
Administration	1,916,986	1,760,540	156,446
Fiscal	515,150	458,470	56,680
Operation and Maintenance of Plant	3,375,964	3,014,716	361,248
Pupil Transportation	1,032,876	988,305	44,571
Operation of Non Instru. Service	337,034	227,035	109,999
Extracurricular Activities	596,103	548,572	47,531
Remodeling	43,000	42,927	73
Other Services	10,000	10,000	0
Total Expenditures	23,770,170	22,111,388	1,658,782
Excess of Revenues Over (Under) Expenditures	(664,808)	1,015,459	1,680,267
Other Financing Sources (Uses):			
Proceeds from Sale of Fixed Assets	32,813	34,021	1,208
Refund of Prior Year Expenditures	11,383	12,001	618
Refund of Prior Year Receipts	(4,768)	(232)	4,536
Advances In	31,810	31,810	0
Advances Out	(1,000,000)	(31,810)	968,190
Operating Transfers-In	24,900	24,900	0
Operating Transfers-Out	(32,500)	(24,900)	7,600
Total Other Financing Sources (Uses)	(936,362)	45,790	982,152
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(1,601,170)	1,061,249	2,662,419
Fund Balances at Beginning of Year	0	0	0
Prior Year Encumbrances Appropriated	468,145	468,145	0
Fund Balances at End of Year	\$3,498,570	\$6,160,989	\$2,662,419

See accompanying notes to general purpose financial statements.

AMHERST EXEMPTED VILLAGE SCHOOL DISTRICT
LORAIN COUNTY
COMBINED STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND EQUITY -
ALL PROPRIETARY FUND TYPES
AND SIMILAR TRUST FUND
FOR THE YEAR ENDED JUNE 30, 2000

	<u>Proprietary Type Funds</u>		<u>Fiduciary Fund Type</u>	Totals (Memorandum Only)
	<u>Enterprise</u>	<u>Internal Service</u>	<u>Non- Expendable Trust</u>	
Operating Revenues:				
Sales	\$779,535	\$0	\$0	\$779,535
Interest	5,564	9,317		14,881
Other Operating Revenues	7,515	0	0	7,515
Total Operating Revenues	<u>792,614</u>	<u>9,317</u>	<u>0</u>	<u>801,931</u>
Operating Expenses:				
Salaries	311,673	0	0	311,673
Fringe Benefits	121,575	13,104	0	134,679
Purchased Services	14,464	0	0	14,464
Materials and Supplies	416,247	0	0	416,247
Depreciation	9,214	0	0	9,214
Total Operating Expenses	<u>873,173</u>	<u>13,104</u>	<u>0</u>	<u>886,277</u>
Operating Income (Loss)	(80,559)	(3,787)	0	(84,346)
Non-Operating Revenues :				
Intergovernmental Operating Grants	118,651	0	0	118,651
Total Non-Operating Revenues	<u>118,651</u>	<u>0</u>	<u>0</u>	<u>118,651</u>
Net Income	38,092	(3,787)	0	34,305
Depreciation on Fixed Assets Acquired by Contributed Capital	6,417	0	0	6,417
Retained Earnings at Beginning of Year	<u>34,194</u>	<u>172,436</u>	<u>50,000</u>	<u>256,630</u>
Retained Earnings at End of Year	78,703	168,649	50,000	297,352
Contributed Capital at Beginning of Year	79,418	0	0	79,418
Contributions During the Year from:				
Governmental Funds	9,550	0	0	9,550
Total Contributed Capital	<u>88,968</u>	<u>0</u>	<u>0</u>	<u>88,968</u>
Depreciation on Fixed Assets Acquired by Contributed Capital	<u>(6,417)</u>	<u>0</u>	<u>0</u>	<u>(6,417)</u>
Contributed Capital at End of Year	<u>82,551</u>	<u>0</u>	<u>0</u>	<u>82,551</u>
Total Fund Equity at End of Year	<u>\$161,254</u>	<u>\$168,649</u>	<u>\$50,000</u>	<u>\$379,903</u>

See accompanying notes to general purpose financial statements.

AMHERST EXEMPTED VILLAGE SCHOOL DISTRICT
LORAIN COUNTY
COMBINED STATEMENT OF CASH FLOWS -
ALL PROPRIETARY FUND TYPES
AND SIMILAR TRUST FUND
FOR THE YEAR ENDED JUNE 30, 2000

	<u>Proprietary Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Internal Service</u>	<u>Non- Expendable Trust</u>	
Increase (decrease) in Cash and Cash Equivalents				
<u>Cash Flows from Operating Activities:</u>				
Cash Received from Sales	\$727,887	\$0	\$0	\$727,887
Cash Received from Other Operations	5,564	9,317	0	14,881
Cash Payment for Personal Services	(418,670)	(13,104)	0	(431,774)
Cash Payment for Supplies & Materials	(371,075)	0	0	(371,075)
Net Cash Provided by (Used for) Operating Activities	(56,294)	(3,787)	0	(60,081)
<u>Cash Flows from Noncapital Financing Activities:</u>				
Cash Received from Operating Grants	118,373	0	0	118,373
<u>Cash Flows from Capital Financing Activities:</u>				
Cash Paid for Equipment	(1,395)	0	0	(1,395)
Net Increase In Cash and Cash Equivalents:	60,684	(3,787)	0	56,897
Cash and Cash Equivalents at Beginning of Year	117,801	172,436	50,000	340,237
Cash and Cash Equivalents at End of Year	<u>178,485</u>	<u>168,649</u>	<u>50,000</u>	<u>397,134</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities:				
Operating Income (Loss)	(80,559)	(3,787)	0	(84,346)
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:				
Depreciation	9,214	0	0	9,214
Changes in Assets and Liabilities:				
Increase/ (Decrease) in Deferred Revenue	(4,481)	0	0	(4,481)
Increase / (Decrease) in Accrued Wages and Benefits	2,319	0	0	2,319
(Increase) / Decrease in Inventory Held for Sale	3,998	0	0	3,998
Increase / (Decrease) in Compensated Absences Payable	12,259	0	0	12,259
Increase / (Decrease) in Accounts Payable	956	0	0	956
Total Adjustments	24,265	0	0	24,265
Net Cash Provided by (Used for) Operating Activities	<u>(\$56,294)</u>	<u>(\$3,787)</u>	<u>\$0</u>	<u>(\$60,081)</u>

See accompanying notes to general purpose financial statements.

**AMHERST EXEMPTED VILLAGE SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000**

1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

The Amherst Exempted Village School District, Lorain County, Ohio, (the District) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is an exempted village school district as defined by Section 3311.04 of the Ohio Revised Code. The District operates under a locally elected five member Board and is responsible for the provision of public education to residents of the District. The Board controls the District's five instructional facilities, staffed by 134 non-certified personnel, 220 certified full-time teaching personnel and 15 administrative employees to provide services to students and other community members.

The District boundaries include the City of Amherst, Amherst Township, and a portion of the City of Lorain, an area extending roughly 32 square miles. The enrollment for the District during the 2000 fiscal year was 3,705. The District operates 3 elementary schools (K-6), 1 junior high school (7-8), and 1 high school (9-12).

Reporting Entity

For financial reporting purposes, the reporting entity is defined to include the primary government, component units, and other organizations consistent with Governmental Accounting Standards Board Statement No 14, "The Financial Reporting Entity", that are included to insure that the financial statements are not misleading.

The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the District, this includes general operation, food service, preschool and student related activities of the District.

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

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

The Amherst Public Library provides the community with various educational and literary resources. This is a related organization and the District's participation is disclosed in Note 18 to the general-purpose financial statements.

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

Within the District boundaries, St. Joseph School is operated through the Cleveland Catholic Diocese. Current state legislation provides auxiliary services funding to this parochial school. These moneys are received and disbursed on behalf of the parochial school by the Treasurer of the 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 District.

The District participates in the Lake Erie Educational Computer Association (LEECA). LEECA provides data services needed by the participating school districts. This is a jointly governed organization and the District's participation is disclosed in Note 19 to the general-purpose financial statements.

**AMHERST EXEMPTED VILLAGE SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY (Continued)

The Lake Erie Regional Council of Governments (LERC) promotes cooperative agreements among its members in dealing with problems of mutual concern. This is a jointly governed organization and the District's participation is disclosed in Note 19 to the general-purpose financial statements.

Lorain County Joint Vocational School District is a separate body politic and corporate, established by the Ohio Revised Code to provide for vocational and special education needs of the students. The District is not involved in the budgeting or management of the Lorain County Joint Vocational School District. A board member of the District serves as a member of the Lorain County Joint Vocational School Board of Education. This is a jointly governed organization and the District's participation is disclosed in Note 19 to the general-purpose financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed in the preparation of these financial statements are summarized below. These policies conform to generally accepted accounting principles (GAAP) for local governmental units prescribed in the statements issued by the Governmental Accounting Standards Board (GASB) and other recognized authoritative sources. The District also applies Financial Accounting Standards Board (FASB) Statements and interpretations issued on or before November 30, 1989, to its proprietary activities provided they do not conflict with or contradict GASB pronouncements.

Basis of Presentation - Fund Accounting

The District uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

For financial statement presentation purposes, the various funds of the District are grouped into the following generic fund types under the broad fund categories governmental, proprietary, and fiduciary.

Governmental Fund Types

General Fund - The general fund is the general operating fund of the district and is used to account for all financial resources except those required to be accounted for in another fund. The general fund balance is available to the District for any purpose provided it is expended or transferred according to the general laws of Ohio.

Special Revenue Funds - Special revenue funds are established to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditure for specified purposes.

Capital Project Funds - The capital project funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities or equipment (other than those financed by proprietary funds and/or trust funds).

**AMHERST EXEMPTED VILLAGE SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Proprietary Fund Types

Proprietary funds are used to account for the District's ongoing activities which are similar to those found in the private sector. The following are the District's proprietary fund types:

Enterprise Funds - Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Internal Service Fund - The internal service fund is used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the governmental unit, or to other governmental units, on a cost reimbursement basis.

Fiduciary Fund Types

Fiduciary funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. These include expendable trust funds, non-expendable trust funds, and agency funds. The expendable trust fund is accounted for in essentially the same manner as governmental funds. Non-expendable trust funds are accounted for in the same manner as proprietary funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve the measurement of results of operations.

Account Groups

General Fixed Assets Account Group - The General Fixed Assets Account Group is used to account for all fixed assets of the District, other than those accounted for in the proprietary or trust funds.

General Long-Term Obligations Account Group - The General Long-term Obligations Account Group is used to account for all long-term debt obligations of the District except those accounted for in proprietary funds.

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and expendable trust funds are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financial uses) in net current assets.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund-type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made.

**AMHERST EXEMPTED VILLAGE SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The modified accrual basis of accounting is followed for the governmental, expendable trust, and agency funds. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they become both measurable and available). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The available period for the District is sixty days after year end.

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: investment earnings, tuition, grants, and student fees.

The District reports deferred revenues on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Property taxes measurable as of June 30, 2000 and delinquent property taxes, whose availability is indeterminable, which are intended to finance fiscal year 2000 operations, have been recorded as deferred revenue.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. The costs or accumulated unpaid vacation and sick leave are reported as fund liabilities in the period in which they will be liquidated with available financial resources rather than in the period earned by employees. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

The accrual basis of accounting is utilized for reporting purposes by the proprietary fund type. Revenues are recognized when they are earned and become measurable, and expenses are recognized when they are incurred, if measurable. There were no unbilled service charges receivable at year end. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenues. Unused donated commodities are reported as deferred revenue.

Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the Tax Budget, the Certificate of Estimated Resources, and the Appropriations Resolution, all of which are prepared on the budgetary basis of accounting. The Certificate of Estimated Resources and the Appropriations Resolution are subject to amendment throughout the year with the legal restriction that fund appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are required to be budgeted and appropriated. Budgetary modifications may only be made by resolution of the Board of Education.

Tax Budget

Prior to January 15, the Superintendent and Treasurer submit to the Board a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing (or increased) tax rates. By no later than January 20, the Board's adopted budget is filed with the Lorain County Budget Commission for rate determination.

**AMHERST EXEMPTED VILLAGE SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Estimated Resources

Prior to March 15, the Board accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the Certificate of Estimated Resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the Certificate of Estimated Resources is amended to include any unencumbered balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer.

The amounts reported in the budgetary statement reflect the amounts in the final amended Certificate of Estimated Resources issued during the fiscal year 2000.

Appropriations

Upon receipt from the County Auditor of an amended Certificate of Estimated Resources based on final assessed values and tax rates or a statement saying no new certificate is necessary, the annual Appropriations Resolution must be legally enacted by the Board at the fund, function, and object level of expenditures, which are the legal levels of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the District. The Appropriations Resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at the legal level of budgetary control. Any revisions that alter the total of any fund appropriation or alter total function appropriations within a fund, or alter object appropriations within functions, must be approved by the Board. The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent Certificate of Estimated Resources.

During the year, several supplemental appropriations were legally enacted; however, none of these amendments were significant. The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations.

Formal budgetary integration is employed as a management control device during the year for all funds, consistent with statutory provisions.

Encumbrances

As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of moneys are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and to maintain legal compliance. On the GAAP basis, encumbrances outstanding at year end, if any, are reported as reservations of fund balances for subsequent-year expenditures for governmental funds and reported in the Notes to the Financial Statements for Proprietary Funds.

Lapsing of Appropriations

At the close of each year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriation. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated.

**AMHERST EXEMPTED VILLAGE SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and Cash Equivalents

To improve cash management, cash received by the District is pooled in a central bank account. Moneys for all funds, including proprietary funds, are maintained in this account or temporarily used to purchase short term investments. Individual fund integrity is maintained through District records. Each fund's interest in the pooled bank account is presented as "Equity in Pooled Cash and Cash Equivalents" on the balance sheet.

During fiscal year 2000, the District invested funds in the State Treasury Assets Reserve (STAR Ohio). STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within Ohio to pool their funds for investment purposes. STAR Ohio is not registered with SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of The Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 2000.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest. Interest revenue credited to the General Fund during fiscal year 2000 was to \$439,462, which includes \$21,415 assigned to other District funds.

For purposes of presentation on the Combined Balance Sheet and in the Combined Statement of Cash Flows, cash and cash equivalents, are defined as deposits and investments with original maturities of three months or less at the time they were purchased by the District are considered to be cash equivalents.

Ohio Revised Code authorizes the District to invest in obligations of the U.S. Treasury, obligations of the State of Ohio, obligations of its political subdivisions and agencies, repurchase agreements, the State Treasurer's investment pool, certain bankers' acceptance, and commercial paper notes.

Restricted Assets

Restricted assets in the General Fund represent cash and cash equivalents set aside to establish a budget stabilization reserve and a textbook reserve. These reserves are required by State statute and can be used only after receiving approval from the Ohio Department of Education. Restricted assets in the Trust and Agency Funds represents an endowment for scholarships. Fund balance reserves have also been established.

Inventory

Inventory is stated at the lower of cost or market for proprietary funds on a first-in, first-out basis. Inventories of proprietary funds consist of donated food and purchased food. The costs of inventory items are recorded as expenses in the proprietary funds when used.

Intergovernmental Revenues

For governmental funds, intergovernmental revenues, such as grants awarded on a non-reimbursement basis, are recorded as receivables and revenues when measurable and available. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred. Other than commodities, grants and entitlements for proprietary fund operations are recognized as nonoperating revenues in the accounting period in which they are earned and become measurable.

**AMHERST EXEMPTED VILLAGE SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The District currently participates in several State and Federal programs, categorized as follows:

Entitlements

General Fund

State Foundation Program

Non-Reimbursable Grants

Special Revenue Funds

Auxiliary Service

Teachers' Development

Education Management Information Systems

SchoolNet

Data Communication

Instructional Material Subsidy (Text Books)

Power-up

Title I Grants to Local Educational Agencies

Special Education Grants to States

Safe and Drug-Free Schools and Communities State Grants

Special Education Preschool Grants

Eisenhower Professional Development State Grants

Innovation Education Program Strategies

Class Size Reduction Subsidy

Reimbursable Grants

General Fund

Vocational Education Travel/Subsistence

Proprietary Funds

National School Lunch Program

Food Distribution

Grants and entitlements amounted to approximately 44 percent of the District's operating revenue during the 2000 fiscal year.

Fixed Assets

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the General Fixed Asset Account Group. Fixed assets utilized in the proprietary funds are capitalized in the respective fund. All fixed assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. The District does not capitalize infrastructure.

Donated fixed assets are recorded at their fair market values as of the date donated. The District maintains a capitalization threshold of five hundred dollars. Books, records, movies, computer software, and other learning aids kept at the District library are not included for reporting purposes.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Assets in the General Fixed Asset Account Group are not depreciated. Depreciation of furniture, equipment, and vehicles in the proprietary fund types is computed using the straight-line method.

**AMHERST EXEMPTED VILLAGE SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Interest is capitalized on proprietary fund assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period.

Compensated Absences

Employees earn vacation in accordance with the following guidelines:

Administrators	Twenty days per year
Certificated	Ineligible for vacation
Non-Certificated	Ten to twenty days per year (depending on years of service)

For central office employees only, unlimited vacation may be accumulated.

Employees earn sick leave at the rate of one and one-quarter days per month and unlimited sick leave may be accumulated.

Upon separation, employees are paid one hundred percent of their accumulated unpaid vacation up to a maximum of 35 days. With Board approval employees can be paid in excess of 35 days or will be required to use their vacation in excess of 35 days when they terminate employment for any reason.

Certificated employees with ten or more years of service are paid one-third of their accumulated sick leave up to a maximum of 80 days upon retirement. Non-certificated employees are paid one-half of their accumulated sick leave up to a maximum of 80 days only upon retirement.

Compensated absences are absences for which employees will be paid, such as vacation or sick leave. Vacation benefits are accrued as a liability as the benefits are earned if the employee's rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employee for the benefits through paid time off or some other means.

Sick leave benefits are accrued as a liability using the vesting method. An accrual for sick leave is made to the extent it is probable that the benefits will result in termination payments. The liability is an estimate based on the District's past experience in making termination payments.

In the governmental funds, compensated absences that are expected to be liquidated with expendable available financial resources are reported as an expenditure and fund liability in the fund that will pay for them. The remainder of the compensated absences liability is reported in the General Long-Term Obligations Account Group.

In the proprietary funds, compensated absences are recorded as an expense and liability of the fund that will pay for them.

Accrued Liabilities and Long-Term Obligations

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, claims and judgements, compensated absences, unfunded pension contributions, and special retirement benefits are reported as a liability in the General Long-Term Obligations Account Group to the extent that they will not be paid with current expendable available financial resources. Capital leases and the retirement incentive obligation are recognized as a liability of the General Long-Term Obligations Account Group until due or until resources have been accumulated in the fund for payment early in the following year.

**AMHERST EXEMPTED VILLAGE SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate funds.

Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund, and as a reduction of expenditures/expenses in the fund that is reimbursed. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

Fund Equity

Contributed capital is recorded in proprietary funds that have received capital grants or contributions from governmental funds.

Fund Balance Reserves

The District records reservations for portions of fund balance which are legally segregated for specific future use or which do not represent available spendable resources and therefore are not available for appropriation for expenditures. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves are established for property taxes and encumbrances. Fund equity has also been reserved for endowments to indicate that the principal is legally restricted. Under Ohio law, the reserves for budget stabilization and textbooks must be established for certain revenues but not expendable without permission of the Ohio Department of Education.

Estimates

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

Total - Memorandum Only Columns

Total columns on the general purpose financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns does not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

3. BUDGETARY BASIS OF ACCOUNTING

While the District is reporting financial position, results of operations and changes in fund balance/retained earnings on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances.

**AMHERST EXEMPTED VILLAGE SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

3. BUDGETARY BASIS OF ACCOUNTING (Continued)

The Combined Statement of Revenues, Expenditures, and Changes in Fund Balances, Budget and Actual (Non-GAAP Budgetary Basis), All Governmental Fund Types and Expendable Trust Fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP 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 for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types (GAAP basis);

Adjustments necessary to convert the results of operations at the end of the year on the Budget Basis to the GAAP basis are as follows:

	Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses Governmental Fund Types and Expendable Trust Fund			
	General	Special Revenue	Capital Projects	Expendable Trust
Budget Basis	\$1,641,552	\$ 31,461	\$ (611,819)	\$ 55
Net Adjustment for Revenue Accrual	590,714	1,932	33,022	0
Net Adjustment for Expenditure Accrual	(368,921)	(6,632)	3,566	0
Net Adjustment for Other Sources (Uses)	31,810	10,000	(31,810)	0
Net Adjustment for Encumbrances	65,715	45,003	363,564	500
GAAP Basis	<u>\$1,960,870</u>	<u>\$ 81,764</u>	<u>\$ (243,477)</u>	<u>\$ 555</u>

4. DEPOSITS AND INVESTMENTS

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

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

A second category consist of "inactive" monies; those monies not required for use within the current two year period of designation of depositories. Inactive monies 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.

**AMHERST EXEMPTED VILLAGE SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

4. DEPOSITS AND INVESTMENTS (Continued)

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

Protection of the District's deposits is provided by the Federal Deposit Insurance Corporation, 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 any obligation or other security issued by the United States Treasury or any other obligation guaranteed as to principal or 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 market to 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 the obligations described above 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 of Ohio Treasurer's investment pool (STAR Ohio), and
7. Certain banker's acceptances 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 monies available for investment at any one time.

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 District, and must be purchased with the expectation that it will be held until maturity.

Investments may only be made through specified dealers and institutions. Payments for investments may be made only upon delivery of the securities representing the investments to the treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer to the custodian.

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, "Deposits with Financial Institutions, Investments, and Repurchase Agreements".

**AMHERST EXEMPTED VILLAGE SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

4. DEPOSITS AND INVESTMENTS (Continued)

Deposits - At year end, the carrying amount of the District's deposits and cash on hand was \$(95,733) and the bank balance was \$295,808. Of the bank balance, \$203,483 was covered by federal depository insurance. Of the remaining balance \$92,325 was uninsured and uncollateralized. Although the securities serving as collateral were held by the pledging financial institutions trust department or agent in the District's name and all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements would potentially subject the District to a successful claim by the Federal Deposit Insurance Corporation.

Investments - GASB Statement No 3, "Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements," requires the District to categorize investments to give an indication of the level of risk assumed by the District at year-end. Category 1 includes investments that are insured or registered or are held by the District or its agent in the District's name. Category 2 includes uninsured and unregistered investments which are held by the counterparty's trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments which are held by the counterparty, or by its trust department or agent but not in the District's name.

The District invests in STAR Ohio which is not classified by degree of credit risk since it is not evidenced by securities that exist in physical or book entry form. The carrying value and market value of STAR Ohio investments is \$7,179,117.

The classification of equity in pooled cash on the combined financial statements is based on criteria set forth in GASB Statement No 9. Equity in pooled cash is defined to include investments with maturities of three months or less at the time of their purchase by the District.

5. PROPERTY TAXES

Property taxes include amounts levied against all real, public utility, and tangible personal (used in business) property located in the District. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Assessed values are established by State law at 35% of appraised market value. Real property taxes are collected in and intended to finance activity for the year following the year in which they are levied.

Public utility property taxes are assessed on tangible personal property, as well as land and improvements, at 85% of true value (normally 50% of cost). Tangible personal property taxes attach as a lien and are levied January 1 of the current year, the same year in which collections are made. Tangible personal property assessments are 25% of true value.

The full tax rate for all District operations applied to real property for fiscal year ended June 30, 2000 was \$54.60 per \$1,000 of assessed valuation. After adjustment of the rate for inflationary increases in property values, the effective tax rate was \$25.952 per \$1,000 of assessed valuation for real property classified as residential/agricultural and \$29.047 per \$1,000 of assessed valuation for all industrial commercial property.

Real property owners' tax bills are further reduced by \$12.50 per \$100 for homestead and rollback deductions, when applicable.

The amount of these homestead and rollback reductions is reimbursed to the District by the State of Ohio.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due January 20; if paid semi-annually, the first payment is due January 20 with remainder payable by June 20. Under certain circumstances, state statute permits earlier or later payment dates to be established.

**AMHERST EXEMPTED VILLAGE SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

5. PROPERTY TAXES (Continued)

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20.

Accrued property taxes receivable represent delinquent taxes outstanding and real, tangible personal, and public utility taxes which were measurable as of June 30, 2000. Taxes receivable that are available at year end were included in revenues.

The assessed values upon which the fiscal year 2000 taxes were collected are:

	1999 Second- Half Collections		2000 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential	\$277,013,041	72.36%	\$286,519,940	72.38%
Industrial/Commercial	57,108,790	14.91	61,074,870	15.43
Public Utility/Tangible Personal Property	48,766,839	12.73	48,267,281	12.19
Total Assessed Value	<u>\$382,888,670</u>	<u>100.00%</u>	<u>\$395,862,091</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	<u>\$26.025</u>		<u>\$25.952</u>	

6. RECEIVABLES

Receivables at June 30, 2000 consisted of taxes and accounts (billings for user charged services). All receivables are considered collectable in full. A summary of the principal items of receivables follows:

	<u>Receivables</u>	<u>Amount</u>
<u>General Fund:</u>		
	Taxes - Current	\$11,152,911
	Taxes - Deferred	8,875,124
<u>Special Revenue Funds:</u>		
	Taxes - Current	47,868
	Taxes - Deferred	39,739
<u>Capital Projects</u>		
	Taxes - Current	549,258
	Taxes - Deferred	425,475

**AMHERST EXEMPTED VILLAGE SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

7. FIXED ASSETS

The following is a summary of changes in the General Fixed Assets Account Group during the fiscal year:

Asset Category	Balance at 7/01/99	Additions	Retirements	Balance at 6/30/00
Land	\$901,683	\$42,500	\$0	\$944,183
Building	10,835,221	617,405	0	11,452,626
Furniture & Equipment	3,284,817	248,802	0	3,533,619
Buses and Vehicles	1,041,514	211,360	(57,356)	1,195,518
Total	<u>\$16,063,235</u>	<u>\$1,120,067</u>	<u>(\$57,356)</u>	<u>\$17,125,946</u>

The following is a summary of proprietary fund-type fixed assets at June 30, 2000:

	Enterprise Funds
Machinery and equipment	\$303,303
Less: Accumulated Depreciation	(\$198,613)
Net fixed assets	<u>\$104,690</u>

In proprietary funds, the estimated useful lives for machinery and equipment used to compute depreciation is 5 -20 years.

8. LONG-TERM OBLIGATIONS

Long-term obligations of the District as of June 30, 2000 were as follows:

General Long-Term Obligation Account Group:	Outstanding 7/01/99	Additions	Deductions	Outstanding 6/30/00
Long Term Retirement (SERS)	\$177,096	\$196,524	\$177,096	\$196,524
Early Retirement Incentive	596,805	512,933	596,805	512,933
Compensated Absences	3,297,377	293,537	183,716	3,407,198
Capital Lease	55,034	0	13,308	41,726
Total	<u>\$4,126,312</u>	<u>\$1,002,994</u>	<u>\$970,925</u>	<u>\$4,158,381</u>

**AMHERST EXEMPTED VILLAGE SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

8. LONG-TERM OBLIGATIONS (Continued)

The accrued vacation and sick leave benefits (compensated absences) recorded above represent the noncurrent portion of the liability.

There is no general obligation debt outstanding as of June 30, 2000.

9. CAPITAL LEASES

The District entered into capitalized leases for copiers and computer equipment. Each lease meets the criteria for a capital lease as defined by Statement of Financial Accounting Standards No 13 "Accounting for Leases," which generally defines a capital lease as one which transfers benefits and risks of ownership to the lessee.

The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2000.

Fiscal Year	Present Value of Capital Lease	Interest	Total Minimum Lease Payments
2001	14,522	3,082	17,604
2002	15,846	1,758	17,604
2003	11,358	380	11,738
Total	<u>\$41,726</u>	<u>\$5,220</u>	<u>\$46,946</u>

10. COMPENSATED ABSENCES

Each employee is entitled to accrue fifteen (15) days of sick leave each year under contract at the rate of one and one-fourth (1¼) days for each calendar month. Sick leave is cumulative for all employees.

Severance Pay:

Certified and administrative employees are eligible for severance pay after the Board accepts the employee's resignation for retirement purposes. Severance pay equals the employee's daily rate at retirement times one third the employee's accrued but unused sick leave days. The maximum severance pay for accumulated sick leave is eighty days.

Classified employees are eligible for severance pay after the Board of Education accepts the employee's resignation for retirement purposes. Severance pay amount is equal to the employee's daily rate at retirement times one half of the employee's accrued but unused sick leave days. The maximum severance pay for accumulated sick leave is eighty days.

11. SEGMENT INFORMATION - ENTERPRISE FUND

The District maintains an Enterprise Fund which is intended to be self-supporting through user fees charged for services to the students. Financial segment information as of and for the fiscal year ended June 30, 2000 is presented below:

**AMHERST EXEMPTED VILLAGE SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

12. SEGMENT INFORMATION - ENTERPRISE FUNDS (Continued)

	<u>Food Service</u>
Operating Revenues	\$ 792,614
Depreciation Expense	9,214
Operating Expenses	911,265
Operating Loss	(118,651)
Federal Donated Commodities	59,163
Non-operating Grants	118,651
Net Income	6,417
Fixed Asset Additions	10,945
Fixed Asset Disposals	0
Total Net Fixed Assets	104,690
Net Working Capital	178,485
Total Assets	222,285
Total Liabilities	165,721
Total Equity	161,254

13. DEFINED BENEFIT PENSION PLANS

School Employees Retirement System

The District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer retirement system administered by the School Employees Retirement Board. SERS provides basic retirement benefits, disability, survivor, and health care benefits based upon eligible service credit to members and beneficiaries. Benefits are established by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available financial report that includes financial statements and required supplementary information for SERS. That report may be obtained by writing to the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215-3634.

Plan members are required to contribute 9 percent of their annual covered salary and the District is required to contribute 14 percent. The portion used to fund pension obligations was 9.79 percent. The contribution rates are not determined actuarially, but are established by SERS Retirement Board within the rates allowed by State statute. The adequacy of the contribution rates is determined annually. The District's contributions for pension obligations to SERS for the fiscal years ending June 30, 2000, 1999, and 1998 were \$407,817, \$384,319, and \$361,172, respectively. The required contributions have been made for the 1999 and 1998 fiscal years. The unpaid contribution for fiscal year 2000 is recorded as a liability within the respective funds as Accrued Wages and Benefits and the General Long-term Obligations Account Group as Long Term Retirement (SERS).

**AMHERST EXEMPTED VILLAGE SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

13. DEFINED BENEFIT PENSION PLANS (Continued)

State Teachers Retirement System

The District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employees retirement system administered by the State Teachers Retirement Board. STRS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information for STRS. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771

Plan members are required to contribute 9.3 percent of their annual covered salary and the District is required to contribute 14 percent, 10.5 percent was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The District's contributions to STRS for the years ending June 30, 2000, 1999, and 1998 were \$1,552,446, \$1,515,640, and \$1,388,520, respectively. The required contributions have been made for the 1999 and 1998 fiscal years. The unpaid contribution for fiscal year 2000 is recorded as a liability within the respective funds as Accrued Wages and Benefits.

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 or State Teachers Retirement Systems, as applicable. As of June 30, 2000 the District does not have any employees who are covered under the Social Security system.

14. POSTEMPLOYMENT BENEFITS

The District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS), and to retired non-certificated employees and their dependents through the School Employees Retirement System (SERS). Benefits include hospitalization, physicians' fees, prescription drugs, and reimbursement of monthly Medicare premiums. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. SERS is funded on a pay-as-you-go basis.

For STRS, benefits are funded on a pay-as-you-go basis. Most benefit recipients are required to pay a portion of health care cost in the form of a monthly premium. By Ohio Law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. The board currently allocates employer contributions equal to two percent of covered payroll to the Health Care Reserve Fund for which payments for health care benefits are paid. For the District, this amount equaled \$221,778 during the 2000 fiscal year. As of June 30, 1999, eligible benefit recipients totaled 95,796. For the year ended June 30, 1999, net health care costs paid by STRS were \$249,929,000.

For SERS, coverage is made available to service retirees with ten or more years of qualifying service credit, disability and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than twenty-five years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75 percent of the premium. For this fiscal year, employer contributions to fund health care benefits were 4.1 percent of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 1999, the minimum pay has been established at \$12,400. The surcharge, added to the unallocated portion of the 14% employer contribution rate, provides for maintenance of the asset target level for the health care fund.

**AMHERST EXEMPTED VILLAGE SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

14. POSTEMPLOYMENT BENEFITS (Continued)

Health care benefits are financed on a pay-as-you-go basis. Significant actuarial assumptions include: a rate of return on investments of 7.75 percent; salary increases of 4.75 percent for inflation and between zero and 3 percent based on seniority and merit; an annual increase in health care premiums of 4.75 percent with 25 percent of eligible female retirees and 60 percent of eligible male retirees electing joint survivor form of payment, and 25 percent of eligible female retirees and 50 percent of eligible male retirees electing to cover spouses for health care; and the eligibility of all health care recipients for Medicare upon attaining age sixty-five or immediately if retirement is due to disability. Plan assets are valued at cost except for cash and investments which are valued on a market related basis.

The method used recognizes 20 percent of the previously unrecognized gains and losses.

The number of retirees and covered dependents currently receiving benefits is approximately 51,000. The District's actual contributions for the 2000 fiscal year were \$168,273. Actuarial contribution requirements are determined for the System as a whole, not for individual employers. Net assets available for payment of benefits at June 30, 1999 (the latest information available) was \$188.0 million for the System as a whole. The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care at June 30, 1999 were \$126,380,984 and the target level was \$189.6 million.

15. RISK MANAGEMENT

The 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. During fiscal 1999, the District contracted with Nationwide Insurance Company for property insurance. Professional liability is protected by the Nationwide Insurance Company with a \$5,000,000 aggregate limit.

Vehicles are covered by the Nationwide Insurance Company and hold a \$250 deductible for collision. Automobile liability has a \$650,000 combined single limit of liability. Settled claims have not exceeded this commercial coverage in any of the past ten years.

Performance bonds in the amounts of \$20,000 and \$75,000 are maintained for the board president and the treasurer, respectively, by the Nationwide Mutual Insurance Company. A \$20,000 performance bond is maintained for the superintendent by the Ohio Casualty Insurance Company. The Ohio Casualty Insurance Company also maintains a \$20,000 blanket bond for all employees.

The District pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

The District provides life and accidental death and dismemberment insurance to its employees. Life insurance is covered through Diversified Benefit Plans, Inc. Full time certified employees are covered by \$30,000. Coverage for part time employees is prorated. Full time classified employees are covered by \$20,000 and part time employees are covered by \$5,000. All administrators carry coverage equal to one and one half times their salaries approximated to the nearest thousand.

The District has contracted since December 1988 with the Lake Erie Regional Council of Governments (LERC) (See Note 19) to provide employee medical/ surgical benefits. The program is a shared risk pool comprised of thirteen Lorain County school districts. Rates are set through an annual calculation process. The District pays a monthly contribution which is placed in a common fund from which claim payments are made for all participating school districts. Claims are paid for all participants regardless of claims flow. Upon termination, all District claims would be paid without regard to the District's account balance. The LERC Board of Directors has the right to return moneys to an exiting district subsequent to settlement of all expenses and claims. This plan provides a medical/surgical plan with deductibles of \$50 for single and \$100 for family coverage.

**AMHERST EXEMPTED VILLAGE SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

16. DEFERRED COMPENSATION PLAN

The Board of Education offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 403(b). The plan is optional and available to all school employees. It permits them to defer a portion of their salary until future years. All amounts of compensation deferred under the plan are the property of the individual employee and are available to the employee in accordance with Internal Revenue rules and regulations. The choice of the custodian and the investments is made by the individual participant.

17. RETIREMENT INCENTIVE PLAN

In 1989, the Board of Education adopted an Early Retirement Incentive Program for all employee groups. The Board purchased up to two (2) years retirement service for five percent (5%) of both certified and classified staff members eligible to retire through the STRS or SERS systems.

As of June 30, 2000, the Early Retirement Incentive Program liability is \$551,459. This liability will not be liquidated with expendable available financial resources and is reported in the General Long-Term Obligations Account Group.

The District pays the entire cost of the retirement incentive credit purchased for all eligible administrators and teachers. The cost of the retirement incentive credit purchased is the amount determined annually by the STRS actuary, which is paid annually over the amount of years purchased for each employee from the appropriate fund.

18. RELATED ORGANIZATION

The Amherst Public Library is a distinct political subdivision of the State of Ohio governed by a Board of Trustees. The Board of Trustees, appointed by the Board of Education, possesses its own contracting and budgeting authority, hires and fires personnel, and does not depend on the District for operational subsidies. Although the District does serve as the taxing authority and issues tax related debt on behalf of the Library, its role is limited to a ministerial function. The determination to request approval of a tax, the rate, and the purpose are discretionary decisions made solely by the Library Board of Trustees. The Library is not considered part of the District and its operations are not included within the accompanying general-purpose financial statements. Financial information can be obtained by contacting the Clerk-Treasurer of the Amherst Public Library at 211 Spring Street, Amherst, Ohio 44001.

19. JOINTLY GOVERNED ORGANIZATIONS

Lake Erie Education Computer Association (LEECA)

The Lake Erie Education Computer Association (LEECA) is a jointly governed organization among thirty school districts. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts. Each member district supports LEECA based upon a per pupil charge dependent upon the software package utilized. The LEECA assembly consists of a superintendent or designated representative from each participating school district and a representative from the fiscal agent. LEECA is governed by a Board of Directors chosen from the general membership of the LEECA Assembly. The Board of Directors consists of a representative from the fiscal agent, the chairman of each of the operating committees, and at least one Assembly member from each county in which participating school districts are located. The degree of control exercised by any participating school district is limited to its representation on the Board. Financial information can be obtained by contacting the Treasurer of the Educational Service Center of Lorain County, who serves as the fiscal agent, at 1885 Lake Avenue, Elyria, Ohio 44035

**AMHERST EXEMPTED VILLAGE SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

19. JOINTLY GOVERNED ORGANIZATIONS (Continued)

Lake Erie Regional Council of Governments (LERC)

The Lake Erie Regional Council of Governments (LERC) is a jointly governed organization among thirteen school districts. The jointly governed organization was formed for the purpose of promoting cooperative agreements and activities among its members in dealing with problems of mutual concern such as a media center, natural gas consumption, food service, and health and life insurance. Each member provides operating resources to LERC on a per pupil or actual usage charge except insurance.

The LERC's shared risk pool premiums are billed to each participating school district based on actuarially determined rates. Should contributions prove to be insufficient to pay program costs of the insurance program for any fiscal year, each participating member is notified of the deficiency and billed for its share of the additional cost.

The LERC assembly consists of a superintendent or designated representative from each participating school district and the fiscal agent. LERC is governed by a Board of Directors chosen from the general membership. The degree of control exercised by any participating school district is limited to its representation on the Board. In fiscal year 2000, the District paid to LERC \$1,367,698, which represents 13.44 percent of total contributions. Financial information can be obtained by contacting the Treasurer of the Educational Service Center of Lorain County, who serves as the fiscal agent, at 1885 Lake Avenue, Elyria, Ohio 44035.

Lorain County Joint Vocational School District

The Lorain County Joint Vocational School District is a distinct political subdivision of the State of Ohio operated under the direction of a Board, consisting of one representative from each participating school district's elected board, 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. In fiscal year 2000, the District did not pay any money to Lorain County Joint Vocational School District. Financial information can be obtained by contracting the Treasurer of the Lorain County Joint Vocational School District, Rt. 20 at Rt. 58, Oberlin, Ohio 44074.

20. CONTINGENCIES

State School Funding Decision

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in the system. Declared unconstitutional was the State's "school foundation program", which provides significant amounts of monetary support to the School District. During the fiscal year ended June 30, 2000, the District received \$7,587,704 of school foundation support for its general fund.

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the State General Assembly in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County reviewed the new laws and, in a decision issued on February 26, 1999, determined they are not sufficiently responsive to the constitutional issues raised under the "thorough and efficient" clause of the Ohio Constitution. The State appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. On May 11, 2000, the Ohio Supreme Court rendered an opinion on this issue. The Court concluded, "...the mandate of the [Ohio] Constitution has not been fulfilled."

**AMHERST EXEMPTED VILLAGE SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

20. CONTINGENCIES (Continued)

The Court's majority recognized efforts by the Ohio General Assembly taken in response to the Court's March 24, 1997, decision, however, it found seven "...major areas warrant[ing] further attention, study, and development by the General Assembly...", including the State's reliance on local property tax funding, the state's basic aid formula, the school foundation program, as discussed above, the mechanism for, and adequacy of, funding for school facilities, and the existence of the State's School Solvency Assistance Fund, which the Court found took the place of the unconstitutional emergency school loan assistance program.

The Court decided to maintain jurisdiction over these issues and continued the case at least until June 15, 2001.

As of the date of these financial statements, the District is unable to determine what effect, if any, this ongoing litigation will have on its future State funding under this program and on its financial operations.

Grants

The District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreement and is subject to audit by the grantor agencies. The District has also met the requirements of the Federal Single Audit Act Amendments of 1996 and OMB Circular A-133. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2000.

21. STATUTORY RESERVES

The District is required by state law to set aside certain fund revenue amounts, as defined, into various reserves. During the fiscal year ended June 30, 2000, the reserve activity was as follows:

	Textbook Reserve	Capital Maintenance Reserve	Budget Stabilization Reserve	Total
Balance 7/1/99	\$ 0	\$ 0	\$ 330,455	\$ 330,455
Required Set Aside	493,004	493,004	164,335	1,150,343
Offset Credits	0	0	0	0
Qualifying Expenditures	(207,705)	(493,004)	0	(700,709)
Balance 6/30/00	<u>\$ 285,299</u>	<u>\$ 0</u>	<u>\$ 494,790</u>	<u>\$ 780,089</u>

22. SUBSEQUENT EVENTS

On November 7, 2000, voters approved a \$26.31 million school improvement bond issue. The proceeds of this bond issue will be used to construct a new junior high school, purchase land for future expansion, and renovations and expansions to the current junior high school and high school.

This page intentionally left blank.

**AMHERST EXEMPTED VILLAGE SCHOOL DISTRICT
LORAIN COUNTY
SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2000**

Federal Program	Federal CFDA Number	Pass-through Agency Awarding Number	Receipts	Non- Cash Receipts	Expenditures	Non-Cash Expenditures
United States Department of Agriculture						
Passed-through Ohio Department of Education:						
Child Nutrition Cluster:						
Food Distribution	10.550	45195 04-PU		\$59,163		\$63,644
National School Lunch Program	10.555	45195 6B-SF	114,307		114,307	
Total Child Nutrition Cluster/Total United States Department of Agriculture			114,307	59,163	114,307	63,644
United States Department of Education						
Passed-through Ohio Department of Education:						
Special Education Cluster:						
Special Education Grants to States	84.027	45195 6B-SF	204,540		201,206	
Special Education - Preschool Grant	84.173	45195 PG-S1	16,938		16,938	
Total Special Education Cluster			221,478		218,144	
Eisenhower Professional Development Grant	84.281	45195 G2-S1	11,036		12,429	
Grants to Local Educational Agencies (Title 1)	84.010	45195 C1-S1	193,897		202,751	
Class Size Reduction Subsidy	84.340	45195 CR-S1	38,728		30,916	
Innovative Education Program Strategies	84.298	45195 C2-S1	22,399		23,034	
Drug-Free Schools Grant	84.186	45195 DR-S1	15,814		14,932	
Total United States Department of Education			503,352		502,206	
Total Federal Awards Receipts and Expenditures			<u>\$617,659</u>	<u>\$59,163</u>	<u>\$616,513</u>	<u>\$63,644</u>

The notes to the Schedule of Federal Awards Receipts and Expenditures are an integral part of this statement.

**AMHERST EXEMPTED VILLAGE SCHOOL DISTRICT
LORAIN COUNTY
NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
JUNE 30, 2000**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Receipts and Expenditures (Schedule) includes the federal grant activity of the District and is presented on the basis of cash receipts and disbursements. The information in this Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the general-purpose financial statements.

NOTE B - NATIONAL SCHOOL LUNCH PROGRAM

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

NOTE C - FOOD DISTRIBUTION

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2000, the District had food commodities valued at \$19,951 in inventory.



STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

Lausche Bldg
615 W Superior Ave
Floor 12
Cleveland OH 44113 - 1801
Telephone 216-787-3665
800-626-2297
Facsimile 216-787-3361
www.auditor.state.oh.us

**REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY
GOVERNMENT AUDITING STANDARDS**

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

To The Board of Education:

We have audited the financial statements of the Amherst Exempted Village School District, Lorain County, Ohio, (the District) as of and for the year ended June 30, 2000, and have issued our report thereon dated November 15, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated November 15, 2000.

Amherst Exempted Village School District
Lorain County
Report on Compliance and Internal Control Required by
Governmental Auditing Standards
Page 2

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

Jim Petro
Auditor of State

November 15, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

Lausche Bldg
615 W Superior Ave
Floor 12
Cleveland OH 44113 - 1801
Telephone 216-787-3665
800-626-2297
Facsimile 216-787-3361
www.auditor.state.oh.us

**REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR
FEDERAL PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133**

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

To The Board of Education:

Compliance

We have audited the compliance of the Amherst Exempted Village School District, Lorain County, Ohio, (the District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2000. The District's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2000.

Internal Control Over Compliance

The management of the District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on the major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Amherst Exempted Village School District
Lorain County
Report on Compliance With Requirements Applicable to Each Major
Federal Program and Internal Control Over Compliance
In Accordance With OMB Circular A-133
Page 2

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to the major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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

Jim Petro
Auditor of State

November 15, 2000

**AMHERST EXEMPTED VILLAGE SCHOOL DISTRICT
LORAIN COUNTY
SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2000**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	Special Education Cluster: Title 6B - CFDA #84.027 Special Ed. Preschool - CFDA #84.173
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	\$ 300,000
(d)(1)(ix)	Low Risk Auditee?	Yes

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

AMHERST EXEMPTED VILLAGE SCHOOL DISTRICT

LORAIN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
DECEMBER 14, 2000**