



**Auditor of State
Betty Montgomery**

**AMANDA-CLEARCREEK LOCAL SCHOOL DISTRICT
FAIRFIELD COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

Amanda-Clearcreek Local School District
Fairfield County
328 E. Main Street
Amanda, Ohio 43102

To the Board of Education:

We have audited the accompanying general-purpose financial statements of the Amanda-Clearcreek Local School District, Fairfield County, Ohio, (the District) as of and for the year ended June 30, 2003, 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 auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and 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 Amanda-Clearcreek Local School District, Fairfield County, Ohio, as of June 30, 2003, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2003, 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.

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The accompanying schedule of federal awards receipts and expenditures is presented for 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. We subjected this information to the auditing procedures applied in the audit of the general-purpose financial statements. In our opinion, it is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

December 22, 2003

**Amanda-Clearcreek Local School District
Combined Balance Sheet
All Fund Types and Account Groups
June 30, 2003**

	Governmental Fund Types				Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Totals 2003
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service	Trust and Agency	General	General	(Memorandum Only)
								Fixed Assets	Long Term Debt	
Assets and Other Debits:										
Equity in Pooled Cash and Investments	\$ 1,854,491	\$ 319,889	\$ 213,592	\$ 8,154,040	\$ 128,655	\$ 158,699	\$ 145,145	\$ -	\$ -	\$ 10,974,511
Cash with Fiscal Agent	-	-	-	-	-	516,248	-	-	-	516,248
Taxes Receivables	2,242,942	42,963	402,300	235,874	-	-	-	-	-	2,924,079
Interfund Receivables	7	-	-	-	-	-	-	-	-	7
Intergovernmental Receivables	179	-	34	19	13,754	-	-	-	-	13,986
Accounts Receivable	45,257	500	-	-	478	430	4,409	-	-	51,074
Supplies Inventory	25,356	-	-	-	1,519	-	-	-	-	26,875
Inventory for Resale	-	-	-	-	4,590	-	-	-	-	4,590
Net Property, Plant, and Equipment	-	-	-	-	71,712	-	-	33,399,358	-	33,471,070
Amount Available in Debt Service Fund	-	-	-	-	-	-	-	-	231,082	231,082
Amount to be Provided for Retirement of General Long Term Debt	-	-	-	-	-	-	-	-	4,790,477	4,790,477
Total Assets and Other Debits	\$ 4,168,232	\$ 363,352	\$ 615,926	\$ 8,389,933	\$ 220,708	\$ 675,377	\$ 149,554	\$ 33,399,358	\$ 5,021,559	\$ 53,003,999
Interfund Payables	\$ -	\$ 7	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 7
Intergovernmental Payables	141,436	4,861	-	-	13,316	-	-	-	73,655	233,268
Accounts Payable	178,752	4,295	-	-	2,711	-	1,494	-	-	187,252
Claims Payable	-	-	-	-	-	54,342	-	-	-	54,342
Contracts Payable	-	-	-	554,885	-	-	-	-	-	554,885
Accrued Salaries and Benefits	796,104	27,568	-	-	27,064	-	-	-	-	850,736
Deferred Revenue	2,150,700	41,036	384,844	225,799	-	-	-	-	-	2,802,379
Due to Others	-	-	-	-	-	-	129,372	-	-	129,372
General Obligation Notes Payable	-	-	-	-	-	-	-	-	4,160,000	4,160,000
Lease Obligations Payable	-	-	-	-	-	-	-	-	25,434	25,434
Compensated Absences Payable	38,917	-	-	-	8,439	-	-	-	762,470	809,826
Total Liabilities	3,305,909	77,767	384,844	780,684	51,530	54,342	130,866	-	5,021,559	9,807,501
Fund Equity and Other Credits:										
Investment in General Fixed Assets	-	-	-	-	-	-	-	33,399,358	-	33,399,358
Retained Earnings	-	-	-	-	169,178	621,035	-	-	-	790,213
Fund Balances:										
Reserved for Inventory	25,356	-	-	-	-	-	-	-	-	25,356
Reserved for Encumbrances	110,671	33,928	-	3,821,350	-	-	-	-	-	3,965,949
Reserved for Future Appropriation	92,243	1,923	17,456	10,076	-	-	-	-	-	121,698
Unreserved Fund Balance	634,053	249,734	213,626	3,777,823	-	-	18,688	-	-	4,893,924
	<u>862,323</u>	<u>285,585</u>	<u>231,082</u>	<u>7,609,249</u>	<u>-</u>	<u>-</u>	<u>18,688</u>	<u>-</u>	<u>-</u>	<u>9,006,927</u>
Total Fund Equity and Other Credits	862,323	285,585	231,082	7,609,249	169,178	621,035	18,688	33,399,358	-	43,196,498
Total Liabilities, Fund Equity, and Other Credits	\$ 4,168,232	\$ 363,352	\$ 615,926	\$ 8,389,933	\$ 220,708	\$ 675,377	\$ 149,554	\$ 33,399,358	\$ 5,021,559	\$ 53,003,999

See Accompanying Notes to the General Purpose Financial Statements.

Amanda-Clearcreek Local School District
Combined Statement of Revenue, Expenditures, and Changes in Fund Balance
All Governmental Fund Types and Similar Fiduciary Funds
Year Ended June 30, 2003

	Governmental Fund Types				Fiduciary	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
REVENUES:						
Revenue from Local Sources						
Taxes	\$ 2,029,916	\$ 49,996	\$ 364,127	\$ 215,605	\$ -	\$ 2,659,644
Tuition	138,684	-	-	-	-	138,684
Earnings on Investments	141,627	-	-	333,257	-	474,884
Extracurricular Activities	-	174,632	-	-	-	174,632
Classroom Materials and Fees	40,238	-	-	-	-	40,238
Miscellaneous	31,420	20,440	-	35,900	15,055	102,815
Revenue from State Sources						
Unrestricted Grants-in Aid	6,982,955	-	46,692	27,420	-	7,057,067
Restricted Grants-in Aid	600,068	56,613	-	13,950,398	-	14,607,079
Revenue for/on Behalf of District	36,397	3,250	-	16,966	-	56,613
Restricted from Federal Sources						
Restricted Grants-in Aid	-	413,039	-	-	-	413,039
Total Revenue	10,001,305	717,970	410,819	14,579,546	15,055	25,724,695
EXPENDITURES:						
Instruction						
Regular Instruction	4,698,195	93,815	-	60,211	2,160	4,854,381
Special Instruction	747,096	408,707	-	-	-	1,155,803
Vocational Instruction	444,463	-	-	-	-	444,463
Other Instruction	227,103	-	-	-	-	227,103
Supporting Services						
Supporting Services-Pupils	349,873	7,629	-	-	2,602	360,104
Supporting Services-Instructional Staff	284,464	21,164	-	-	5,044	310,672
Supporting Services-Board of Education	65,590	-	-	-	-	65,590
Supporting Services-Administration	854,295	13,548	-	130	-	867,973
Fiscal Services	224,937	-	-	4,024	-	228,961
Business	21,231	-	-	-	-	21,231
Operation & Maintenance-Plant	719,316	759	-	-	-	720,075
Supporting Services-Pupil Transportation	818,518	-	-	-	-	818,518
Supporting Services-Central	-	12,312	-	-	-	12,312
Operation of Non-Instructional Services						
Food Services	-	-	-	-	20	20
Extracurricular Activities						
Academic & Subject Oriented	12,922	-	-	-	-	12,922
Occupation Oriented Activities	7	-	-	-	990	997
Sports Oriented	184,823	119,419	-	-	-	304,242
Co-Curricular Activities	14,816	-	-	-	-	14,816
Capital Outlay						
Site Improvement	2,393	-	-	32,145	-	34,538
Architecture & Engineering	-	-	-	565,938	-	565,938
Other Facility Acquisition & Construction	3,961	-	-	14,407,819	-	14,411,780
Debt Service						
Repayment of Debt	-	-	350,473	-	-	350,473
Total Expenditures	9,674,003	677,353	350,473	15,070,267	10,816	25,782,912
Excess (Deficiency) of Revenues						
Over (Under) Expenditures	327,302	40,617	60,346	(490,721)	4,239	(58,217)
Other Financing Sources and Uses:						
Other Financing Sources and Uses						
Sale & Loss of Assets	7,537	-	-	12,756	-	20,293
Transfers-In	-	2,000	-	760,191	-	762,191
Refund of Prior Years Expenditures	42,526	-	-	-	-	42,526
Transfers-Out	(670,191)	(2,000)	-	-	-	(672,191)
Refund of Prior Years Receipts	-	(223)	-	-	-	(223)
Total Other Financing Sources and Uses	(620,128)	(223)	-	772,947	-	152,596
Excess (Deficiency) of Revenue Receipts						
and Other Sources Over (Under) Expenditure						
and Other Uses	(292,826)	40,394	60,346	282,226	4,239	94,379
Increase in Inventory	12,902	-	-	-	-	12,902
Beginning Fund Balance	1,142,247	245,191	170,736	7,327,023	14,449	8,899,646
Ending Fund Balance	\$ 862,323	\$ 285,585	\$ 231,082	\$ 7,609,249	\$ 18,688	\$ 9,006,927

See Accompanying Notes to the General Purpose Financial Statements.

Amanda-Clearcreek Local School District
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual (Non-GAAP Basis)
All Governmental Fund Types and Similar Fiduciary Fund
Year Ended June 30, 2003

	General Fund			Special Revenue		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Taxes	\$ 2,078,522	\$ 2,078,522	\$ -	\$ 50,998	\$ 50,998	\$ -
Tuition	79,661	138,684	59,023	-	-	-
Earnings on Investment	136,781	138,888	2,107	-	-	-
Extracurricular Activities	-	-	-	176,569	174,569	(2,000)
Classroom Materials and Fees	42,714	42,752	38	-	-	-
Miscellaneous	30,883	30,902	19	20,440	20,440	-
State Unrestricted Grants-in-Aid	6,982,775	6,982,775	-	-	-	-
State Restricted Grants-in-Aid	600,068	600,068	-	56,613	56,613	-
Revenue for/on Behalf of District	36,397	36,397	-	3,250	3,250	-
Federal Restricted Grants-in-Aid	-	-	-	417,377	417,359	(18)
Total Revenue	9,987,801	10,048,988	61,187	725,247	723,229	(2,018)
Expenditures:						
Regular Instruction	4,805,444	4,711,560	93,884	130,334	110,197	20,137
Special Instruction	735,109	662,749	72,360	422,857	406,710	16,147
Vocational Instruction	465,674	461,604	4,070	-	-	-
Other Instruction	169,836	301,790	(131,954)	-	-	-
Support Services-Pupils	391,500	370,435	21,065	7,629	7,629	-
Support Services-Instructional Staff	307,084	283,106	23,978	32,069	27,501	4,568
Support Services-Board of Education	76,798	67,731	9,067	-	-	-
Support Services-Administration	865,345	842,593	22,752	15,167	13,731	1,436
Fiscal Services	234,505	226,159	8,346	-	-	-
Support Services-Business	27,020	27,020	-	-	-	-
Operation & Maintenance-Plant	815,420	781,120	34,300	900	759	141
Support Services-Transportation	892,893	886,125	6,768	-	-	-
Support Services-Central/Community	-	-	-	29,573	16,077	13,496
Food Service Operations	-	-	-	-	-	-
Academic & Subject Oriented	15,539	15,394	145	-	-	-
Occupation Oriented Activities	-	-	-	-	-	-
Sports Oriented	218,899	184,200	34,699	215,506	152,952	62,554
Co-Curricular Activities	14,674	14,674	-	-	-	-
Site Improvement	5,000	2,893	2,107	-	-	-
Architecture & Engineering	-	-	-	-	-	-
Other Facilities Acq. & Construction	8,696	4,683	4,013	-	-	-
Repayment of Debt	-	-	-	-	-	-
Total Expenditures	10,049,436	9,843,836	205,600	854,035	735,556	118,479
Excess of Revenue Over (Under) Expenditures	(61,635)	205,152	(266,787)	(128,788)	(12,327)	116,461
Other Financing Sources (Uses):						
Sale & Loss of Assets	3,764	3,787	23	-	-	-
Transfers-In	-	-	-	-	2,000	2,000
Refund of Prior Years Expenses	58,000	58,000	-	-	-	-
Transfers-Out	(670,191)	(670,191)	-	(2,000)	(2,000)	-
Refund of Prior Years Receipts	-	-	-	(223)	(223)	-
Total Other Sources (Uses)	(608,427)	(608,404)	23	(2,223)	(223)	2,000
Excess of Revenues & Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(670,062)	(403,252)	266,810	(131,011)	(12,550)	118,461
Beginning Fund Balance	1,869,234	1,869,234	-	254,320	254,320	-
Prior Year Carry Over Encumbrances	168,293	168,293	-	39,444	39,444	-
Ending Fund Balance	\$ 1,367,465	\$ 1,634,275	\$ 266,810	\$ 162,753	\$ 281,214	\$ 118,461

(Continued)

See Accompanying Notes to the General Purpose Financial Statements.

Amanda-Clearcreek Local School District
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual (Non-GAAP Basis)
All Governmental Fund Types and Similar Fiduciary Fund - Continued
Year Ended June 30, 2003

	Debt Service Fund			Capital Project Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Taxes	\$ 373,013	\$ 373,013	\$ -	\$ 220,939	\$ 220,939	\$ -
Tuition	-	-	-	-	-	-
Earnings on Investment	-	-	-	333,257	333,257	-
Extracurricular Activities	-	-	-	-	-	-
Classroom Materials and Fees	-	-	-	-	-	-
Miscellaneous	46,658	46,658	-	35,900	35,900	-
State Unrestricted Grants-in-Aid	-	-	-	27,400	27,400	-
State Restricted Grants-in-Aid	-	-	-	13,950,398	13,950,398	-
Revenue for/on Behalf of District	-	-	-	16,966	16,966	-
Federal Restricted Grants-in-Aid	-	-	-	-	-	-
Total Revenue	419,671	419,671	-	14,584,860	14,584,860	-
Expenditures:						
Regular Instruction	-	-	-	581,139	581,139	-
Special Instruction	-	-	-	-	-	-
Vocational Instruction	-	-	-	31,623	31,623	-
Other Instruction	-	-	-	-	-	-
Support Services-Pupils	-	-	-	-	-	-
Support Services-Instructional Staff	-	-	-	118,322	118,322	-
Support Services-Board of Education	-	-	-	-	-	-
Support Services-Administration	-	-	-	143,950	143,950	-
Fiscal Services	-	-	-	4,025	4,025	-
Support Services-Business	-	-	-	-	-	-
Operation & Maintenance-Plant	-	-	-	500	-	500
Support Services-Transportation	-	-	-	-	-	-
Support Services-Central/Community	-	-	-	-	-	-
Food Service Operations	-	-	-	132,486	132,486	-
Academic & Subject Oriented	-	-	-	-	-	-
Occupation Oriented Activities	-	-	-	-	-	-
Sports Oriented	-	-	-	-	-	-
Co-Curricular Activities	-	-	-	-	-	-
Site Improvements	-	-	-	47,940	39,585	8,355
Architecture & Engineering	-	-	-	1,282,127	1,282,127	-
Other Facilities Acq. & Construction	-	-	-	16,650,333	16,648,183	2,150
Repayment of Debt	350,473	350,473	-	-	-	-
Total Expenditures	350,473	350,473	-	18,992,445	18,981,440	11,005
Excess of Revenue Over (Under) Expenditures	69,198	69,198	-	(4,407,585)	(4,396,580)	11,005
Other Financing Sources (Uses):						
Sale & Loss of Assets	-	-	-	12,756	12,756	-
Transfers-In	-	-	-	760,191	760,191	-
Refund of Prior Years Expenditures	-	-	-	-	-	-
Transfers-Out	-	-	-	-	-	-
Refund of Prior Years Receipts	-	-	-	-	-	-
Total Other Sources (Uses)	-	-	-	772,947	772,947	-
Excess of Revenues & Other Financing Sources Over (Under) Expenditures and Other Financing Uses	69,198	69,198	-	(3,634,638)	(3,623,633)	11,005
Beginning Fund Balance	144,395	144,395	-	7,451,701	7,451,701	-
Prior Year Carry Over Encumbrances	-	-	-	14,955,257	14,955,257	-
Ending Fund Balance	\$ 213,593	\$ 213,593	\$ -	\$ 18,772,320	\$ 18,783,325	\$ 11,005

(Continued)

See Accompanying Notes to the General Purpose Financial Statements.

Amanda-Clearcreek Local School District
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual (Non-GAAP Basis)
All Governmental Fund Types and Similar Fiduciary Fund - Continued
Year Ended June 30, 2003

	Expendable Trust Fund			Totals (Memorandum Only)		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Taxes	\$ -	\$ -	\$ -	\$ 2,723,472	\$ 2,723,472	\$ -
Tuition	-	-	-	79,661	138,684	59,023
Earnings on Investment	-	-	-	470,038	472,145	2,107
Extracurricular Activities	-	-	-	176,569	174,569	(2,000)
Classroom Materials and Fees	-	-	-	42,714	42,752	38
Miscellaneous	15,405	15,405	-	149,286	149,305	19
State Unrestricted Grants-in-Aid	-	-	-	7,010,175	7,010,175	-
State Restricted Grants-in-Aid	-	-	-	14,607,079	14,607,079	-
Revenue for/on Behalf of District	-	-	-	56,613	56,613	-
Federal Restricted Grants-in-Aid	-	-	-	417,377	417,359	(18)
Total Revenue	15,405	15,405	-	25,732,984	25,792,153	59,169
Expenditures:						
Regular Instruction	2,620	2,160	460	5,519,537	5,405,056	114,481
Special Instruction	-	-	-	1,157,966	1,069,459	88,507
Vocational Instruction	-	-	-	497,297	493,227	4,070
Other Instruction	-	-	-	169,836	301,790	(131,954)
Support Services-Pupils	4,488	2,614	1,874	403,617	380,678	22,939
Support Services-Instructional Staff	18,914	6,618	12,296	476,389	435,547	40,842
Support Services-Board of Education	-	-	-	76,798	67,731	9,067
Support Services-Administration	-	-	-	1,024,462	1,000,274	24,188
Fiscal Services	-	-	-	238,530	230,184	8,346
Support Services-Business	-	-	-	27,020	27,020	-
Operation & Maintenance-Plant	-	-	-	816,820	781,879	34,941
Support Services-Transportation	-	-	-	892,893	886,125	6,768
Support Services-Central/Community	-	-	-	29,573	16,077	13,496
Food Service Operations	133	20	113	132,619	132,506	113
Academic & Subject Oriented	-	-	-	15,539	15,394	145
Occupation Oriented Activities	4,961	1,016	3,945	4,961	1,016	3,945
Sports Oriented	-	-	-	434,405	337,152	97,253
Co-Curricular Activities	-	-	-	14,674	14,674	-
Site Improvement	-	-	-	52,940	42,478	10,462
Architecture & Engineering	-	-	-	1,282,127	1,282,127	-
Other Facilities Acq. & Construction	-	-	-	16,659,029	16,652,866	6,163
Repayment of Debt	-	-	-	350,473	350,473	-
Total Expenditures	31,116	12,428	18,688	30,277,505	29,923,733	353,772
Excess of Revenue Over (Under) Expenditures	(15,711)	2,977	18,688	(4,544,521)	(4,131,580)	(120,633)
Other Financing Sources (Uses):						
Sale & Loss of Assets	-	-	-	16,520	16,543	23
Transfers-In	-	-	-	760,191	762,191	2,000
Refund of Prior Years Expenses	-	-	-	58,000	58,000	-
Transfers-Out	-	-	-	(672,191)	(672,191)	-
Refund of Prior Years Receipts	-	-	-	(223)	(223)	-
Total Other Sources (Uses)	-	-	-	162,297	164,320	2,023
Excess of Revenues & Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(15,711)	2,977	18,688	(4,382,224)	(3,967,260)	414,964
Beginning Fund Balance	14,165	14,165	-	9,733,815	9,733,815	-
Prior Year Carry Over Encumbrances	1,548	1,548	-	15,164,542	15,164,542	-
Ending Fund Balance	\$ 2	\$ 18,690	\$ 18,688	20,516,133	\$ 20,931,097	\$ 414,964

See Accompanying Notes to the General Purpose Financial Statements.

Amanda-Clearcreek Local School District
Combined Statement of Revenues, Expenses, and Changes in Retained Earnings
All Proprietary Fund Types
Year Ended June 30, 2003

	Proprietary Fund Types		Totals (Memorandum Only)
	Enterprise Funds	Internal Service Fund	
Operating Revenues:			
Food Services	289,095	-	289,095
Charges for Services	-	1,008,801	1,008,801
Total Operating Revenue	289,095	1,008,801	1,297,896
Operating Expenses:			
Personal Services-Salary	172,153	-	172,153
Employee Benefits	55,847	-	55,847
Purchased Services	35	799	834
Supplies and Materials	185,683	-	185,683
Claims & Administrative	-	629,553	629,553
Depreciation	1,496	-	1,496
Total Operating Expense	415,214	630,352	1,045,566
Operating Income (Loss)	(126,119)	378,449	252,330
Non-Operating Revenues:			
Earnings on Investments	6,952	-	6,952
Federal Unrestricted Grants-in-Aid	97,432	-	97,432
Federal Restricted Grants-in-Aid	26,595	-	26,595
Total Non-Operating Revenue	130,979	-	130,979
Net Income (Loss)	4,860	378,449	383,309
Beginning Retained Earnings	164,318	242,586	406,904
Retained Earnings at End of Year	\$ 169,178	\$ 621,035	\$ 790,213

See Accompanying Notes to the General Purpose Financial Statements.

**Amanda-Clearcreek Local School District
 Combined Statement of Cash Flows
 All Proprietary Fund Types
 Year Ended June 30, 2003**

	Proprietary Fund Types		Totals (Memorandum Only)
	Enterprise Funds	Internal Service Fund	
Cash Flows from Operating Activities			
Operating Income (Loss)	\$ (126,119)	\$ 378,449	\$ 252,330
Adjustment to Reconcile Operating Income To Net Cash used in Operating Activities:			
Depreciation	1,496	-	1,496
Net (Increases) Decreases in Assets			-
Accounts Receivable	46	(430)	(384)
Intergovernmental Receivable	(1,321)	-	(1,321)
Inventory	4,211	-	4,211
Net Increases (Decreases) in Liabilities:			
Intergovernmental Payable	1,057	-	1,057
Accounts Payable	588	-	588
Claims Payable	-	23,811	23,811
Accrued Salaries and Benefits	2,179	-	2,179
Compensated Absences Payable	4,616	-	4,616
Total Adjustments	12,872	23,381	36,253
Net Cash Provided (Used) in Operating Activities	(113,247)	401,830	288,583
Cash Flows from Noncapital Activities:			
Earnings on Investments	6,952	-	6,952
Grants from Federal Sources	97,432	-	97,432
Federal Commodities	26,595	-	26,595
Net Cash Provided by Noncapital Financing Activities	130,979	-	130,979
Cash Flow from Capital Financing Activities			
Acquisition of Capital Assets	(3,164)	-	(3,164)
Net Increase (Decrease) in Cash & Cash Equivalents	14,568	401,830	416,398
Cash and Cash Equivalents at Beginning of Year	114,087	273,117	387,204
Cash and Cash Equivalents at End of Year	\$ 128,655	\$ 674,947	\$ 803,602

See Accompanying Notes to General Purpose Financial Statements.

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**AMANDA CLEARCREEK LOCAL SCHOOL DISTRICT
FAIRFIELD COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2003**

Note 1. Summary of Significant Accounting Policies

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

A. Reporting Entity

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 a local district as defined by Section 3311.03 of the Ohio Revised Code. The District operates under an elected Board of Education (5 members) and is responsible for the provision of public education to residents of the District.

Average daily membership (ADM) as of October 1, 2002, was 1,527. The District employed 108 certified employees and 65 classified employees.

The District provides regular, vocational and special instruction. The District also provides support services for the pupils, instructional staff, general and school administration, business and fiscal services, facilities acquisitions and construction services, operation and maintenance of plant, student transportation, food services, extracurricular activities and non-programmed services.

The accompanying general-purpose financial statements comply with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, in that the financial statements include all organizations, activities and functions for which the district is financially accountable. This report includes all activities considered by management to be part of the District by virtue of Section 2100 of the Codification of Governmental Accounting and Financial Reporting Standards.

Section 2100 indicates that the reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity.

It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

**AMANDA CLEARCREEK LOCAL SCHOOL DISTRICT
FAIRFIELD COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2003**

Note 1. Summary of Significant Accounting Policies (continued)

A. Reporting Entity (continued)

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization. A financial benefit or burden relationship exists if the primary government (a) is entitled to the organization's resources; (b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or (c) is obligated in some manner for the debt of the organization.

Management believes the financial statements included in this report represent all of the funds of the District over which the Board of Education is financially accountable.

B. 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 a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, 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.

Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types."

Governmental Fund Types

Governmental funds are those through which most governmental functions typically are financed. Governmental Fund Types are accounted for on a flow of current financial resources measurement focus. Only current assets and current liabilities are generally included on their balance sheets. Their operating statements present sources (revenues and other financing sources) and uses (expenditures and other financing uses) of "available spendable resources" during the period.

General Fund - This fund 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 bylaws of the District and the laws of the State of Ohio.

Special Revenue Funds - These funds are used to account for the proceeds of specific revenue sources (other than amounts relating to expendable trusts or for major capital projects) that are legally restricted to expenditures for specific purposes.

Debt Service Fund - This fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

**AMANDA CLEARCREEK LOCAL SCHOOL DISTRICT
FAIRFIELD COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2003**

Note 1. Summary of Significant Accounting Policies (continued)

B. Fund Accounting (continued)

Governmental Fund Types

Capital Projects Funds - These funds are used to account for financial resources to be used for the acquisition or construction of major capital assets or facilities (other than those financed by proprietary and trust funds).

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 proprietary fund types:

Enterprise Fund - This fund is used to account for the operations that are financed and operated in a manner similar to private business enterprises where the intent 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 it has been decided that periodic determination of revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Internal Service Fund - This fund accounts for the financing of services provided by one department or agency to other departments or agencies of the District 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 governments, or other funds. The following are the fiduciary fund types:

Expendable Trust Funds - These funds account for resources, including both principal and earnings, which must be expended according to the provision of a trust agreement. Expendable trust funds are accounted for in essentially the same manner as governmental funds.

Agency Funds - These funds are purely custodial and thus do not involve measurement of results of operations.

Account Groups

Account Groups are financial reporting devices to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not affect expendable available financial resources. The following are the account groups:

**AMANDA CLEARCREEK LOCAL SCHOOL DISTRICT
FAIRFIELD COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2003**

Note 1. Summary of Significant Accounting Policies (continued)

B. Fund Accounting (continued)

Account Groups

General Fixed Assets Account Group - This account group is used to account for the entire District's fixed assets other than those accounted for in the Proprietary funds.

General Long-Term Debt Account Group - This account group is used to account for the entire District's long-term obligations other than those accounted for in the Proprietary Funds.

C. Measurement Focus/Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus.

With this measurement focus, only current assets and current liabilities are generally 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 financing 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. Proprietary fund 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.

The modified accrual basis of accounting is followed for the governmental, expendable trust and agency funds. The full accrual basis of accounting is followed for the proprietary funds.

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

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

**AMANDA CLEARCREEK LOCAL SCHOOL DISTRICT
FAIRFIELD COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2003**

Note 1. Summary of Significant Accounting Policies (continued)

C. Measurement Focus/Basis of Accounting (continued)

transactions must also be available before it can be recognized.

In applying the susceptible to the accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: property taxes available for advance, interest, accounts and grants.

The District reports deferred revenues on its combined balance sheet that arise when revenue does not meet both the measurable and available criteria 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, 2003 that are intended to finance fiscal year 2004 operations, and delinquent property taxes, whose availability is indeterminable, 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. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

The proprietary fund type utilizes the accrual basis of accounting for reporting purposes. Revenues are recognized in the accounting period in which they are earned, and expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported on the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as non-operating revenue. Pursuant to GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, the District follows GASB guidance as applicable to proprietary funds and FASB Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements.

D. Budget and Budgetary Accounting

All governmental and proprietary fund types and the expendable trust funds are subject to annual expenditure budgets. The Board follows the procedures outlined below in establishing the expenditure budget data reported in the general purpose financial statements:

- 1) A Tax Budget of estimated cash receipts and disbursements is submitted to the County Auditor, as secretary of the County Budget Commission, by January 20th of each year, for the fiscal year commencing the following July 1st. The Board of Education normally adopts the Tax Budget at its regular board meeting in January.
- 2) The County Budget Commission certifies its actions to the District by March 1st. As part of this certification, the District receives the Official Certificate of Estimated Resources which states the

**AMANDA CLEARCREEK LOCAL SCHOOL DISTRICT
FAIRFIELD COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2003**

Note 1. Summary of Significant Accounting Policies (continued)

D. Budget and Budgetary Accounting (continued)

projected receipts of each fund. During the month of July, this certificate is amended to include any unencumbered balances from the preceding fiscal year.

- 3) An annual appropriation measure must be passed by the Board of Education by October 1st of each year for the period July 1st to June 30th. Unencumbered appropriations lapse at year-end and the encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be reappropriated. The Board of Education usually adopts three month temporary appropriations at its regular board meeting in June. The Annual Appropriation Resolution is usually adopted at the October regular board meeting. The appropriation measure may be amended or supplemented during the year as new information becomes available. Individual building and/or departments may transfer funds within their budgets upon review and approval of the Board of Education. Appropriations may not exceed estimated resources and expenditures may not exceed appropriations at the fund level.
- 4) The District prepares its budget on a basis of accounting that differs from generally accepted accounting principles (GAAP). The actual results of operations are presented in the "Combined Statement of Revenues, Expenditures, and Changes in Fund Balances--Budget and Actual (Non-GAAP Basis--All Governmental Fund Types and Similar Fiduciary Fund" in accordance with the budget basis of accounting.

The major differences between the budgetary basis of accounting and GAAP are that:

- a) Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- b) Expenditures are recorded when encumbered (budget basis) as opposed to when the liability is incurred (GAAP basis);
- c) Encumbrances are recorded as the equivalent of expenditures (budget basis) as opposed to a reservation of fund balance for governmental fund types and as note disclosures in the proprietary fund types (GAAP basis); and
- d) For proprietary funds, the acquisition and construction of capital assets are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).

All funds, other than agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary control is at the fund level. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

Encumbrances - As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of funds are recorded as the equivalent of expenditures on the budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. On the GAAP basis, encumbrances outstanding at year end are reported as a reservation of fund balance for

**AMANDA CLEARCREEK LOCAL SCHOOL DISTRICT
FAIRFIELD COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2003**

Note 1. Summary of Significant Accounting Policies (continued)

D. Budget and Budgetary Accounting (continued)

subsequent-year expenditures for governmental funds.

E. Cash

To improve cash management, cash received by the District is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through the District's records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the combined balance sheet.

Under existing Ohio statutes all interest earnings are assigned to the General Fund unless statutorily required to be credited to a specific fund. For the District, all interest earnings accrue to the General Fund, Capital Projects Funds, and Food Service Fund as authorized by board resolution. Interest revenue credited during the fiscal year amounted to \$481,836.

F. Taxes Receivable

The financial statements reflect taxes receivable as of June 30, 2003. GAAP permits the recognition of revenue from any property tax assessment in the fiscal period levied, provided the funds are "available." "Available" means then due, or past due and receivable within the current period or expected to be collected soon thereafter. While these taxes have been assessed, the majority are not due at June 30, 2003 and accordingly have been recorded as deferred revenue in the accompanying financial statements. Taxes that become delinquent remain recorded in deferred revenue until they are determined to be uncollectible.

G. Inventories

Inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventories are determined by physical count. Inventory in governmental funds consists of expendable supplies held for consumption. The cost of the governmental fund type inventories are recorded as expenditures when purchased (purchase method) rather than when consumed. Reported inventories in these funds are equally offset by a fund balance reserve which indicates they are unavailable for appropriation.

Inventories of proprietary funds consist of donated food, purchased food, and general supplies, and are expended when used.

**AMANDA CLEARCREEK LOCAL SCHOOL DISTRICT
FAIRFIELD COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2003**

Note 1. Summary of Significant Accounting Policies (continued)

H. 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 assets account group. Fixed assets utilized in the proprietary funds are capitalized in the respective fund. All purchased fixed assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value at the time of donation. The District does not possess any infrastructure. Interest is not capitalized on fixed assets.

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

Assets in the general fixed assets account group are not depreciated. Depreciation of buildings, equipment and vehicles in the proprietary fund types are depreciated using the straight-line method over the estimated useful life (five to twenty years) of the assets, after the deduction of salvage value.

I. Short-Term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" and "due to other funds." Short-term interfund loans are classified as "interfund receivables/payables." At June 30, 2003, the District had \$7 in "Interfund Receivables/Payables" and no "Due to/from Other Funds."

J. Compensated Absences

The District accounts for compensated absences in accordance with GASB Statement No. 16. Sick leave and other compensated absences with similar characteristics are accrued as a liability based on the sick leave accumulated at the balance sheet date by those employees who currently are eligible to receive termination payments, as well as other employees who are expected to become eligible in the future to receive such payments.

To calculate the liability, these accumulations are reduced to the maximum amount allowed as a termination payment. Accruals for those employees who are expected to become eligible in the future are based on assumptions concerning the probability that individual employees or class or group of employees will become eligible to receive termination payments. All employees projected to be eligible were included in the calculation of the long-term compensated absences accrual amount.

Vacation leave and other compensated absences with similar characteristics are accrued as a liability as the benefits are earned by the employees if both of the following conditions are met: 1.) The employees' rights to receive compensation are attributable to services already rendered and that are not contingent on a specific event that is outside the control of the employer and employee; and 2.) It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

**AMANDA CLEARCREEK LOCAL SCHOOL DISTRICT
FAIRFIELD COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2003**

Note 1. Summary of Significant Accounting Policies (continued)

J. Compensated Absences (continued)

For governmental funds, the District records a liability for accumulated unused vacation and sick leave when earned. The current portion of these unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid.

The remainder is reported in the general long-term debt account group. In proprietary funds, compensated absences are expensed when earned with the amount reported as a fund liability.

K. Long-Term Obligations

Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the general long-term debt account group. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

L. 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 reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Non-recurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

M. Fund Balance Reserves

Reserved fund balances indicate that portion of fund equity which is not available for current appropriation or is legally segregated for a specific use. Fund balances are reserved for encumbrances, supplies inventory and future appropriation.

The reserve for future appropriation represents the amount of the property taxes available for advance and recognized as revenue, but prohibited by law from appropriating, since it was not received in the current fiscal year. The unreserved portions of fund equity reflected in the governmental funds are available for use within the specific purposes of those funds.

N. Memorandum Only - Total 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 do 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.

**AMANDA CLEARCREEK LOCAL SCHOOL DISTRICT
FAIRFIELD COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2003**

Note 1. Summary of Significant Accounting Policies (continued)

O. Estimates

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

Note 2. Budgetary Basis of Accounting

The following table summarizes the adjustments necessary to reconcile the GAAP and budgetary basis statements by fund type:

	Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses Governmental Fund Types and Expendable Trust Funds				
	Governmental Fund Types				
	General Fund	Special Revenue	Debt Service	Capital Projects	Expendable Trust
GAAP Basis	\$(292,826)	40,394	60,346	282,226	4,239
Increase (Decrease):					
Due to Revenues:					
Net Adjustments to Revenue Accruals	47,683	5,259	8,852	5,313	350
Due to Expenditures:					
Net Adjustments to Expenditure Accruals	(169,833)	(58,203)	0	(3,911,172)	(1,612)
Due to Other Sources/Uses					
	11,724	0	0	0	0
Budget Basis	<u>\$(403,252)</u>	<u>(12,550)</u>	<u>69,198</u>	<u>(3,623,633)</u>	<u>2,977</u>

Note 3. Cash

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

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

Inactive deposits are public deposits the Board of Education has identified as not required for use within the current period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts. Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings accounts, including passbook accounts.

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

**AMANDA CLEARCREEK LOCAL SCHOOL DISTRICT
FAIRFIELD COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2003**

Note 3. Cash (Continued)

Interim monies may be deposited in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bond and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio); and
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days from the date of purchase 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 to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

The following information classifies deposits by categories of risk as defined in GASB Statement No. 3, *Deposits With Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements*.

Deposits: At year end, the carrying amount of the District's deposits was \$10,974,511 and the bank balance was \$10,987,180. Of the bank balance:

1. \$100,000 was covered by Federal Depository Insurance Corporation (FDIC); and
2. \$10,887,180 was collateralized by the financial institution's public entity deposit pool.

The classification of cash and cash equivalents on the combined financial statements is based on criteria set forth in GASB Statement No. 9, *Reporting Cash Flows of Proprietary and Non-Expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*.

**AMANDA CLEARCREEK LOCAL SCHOOL DISTRICT
FAIRFIELD COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2003**

Note 3. Cash (Continued)

A reconciliation between the classifications of cash and cash equivalents on the combined financial statements and the classifications of deposits presented above per GASB Statement No. 3 is as follows:

	Cash
GASB Statement No. 9	\$11,490,759
Cash with Fiscal Agent	(516,248)
Total Cash and Cash Equivalents	<u>\$10,974,511</u>

Note 4. Property Tax

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

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the school district. Real property tax revenue received in calendar 2003 represents collections of calendar year 2002 taxes. Real property taxes received in calendar year 2003 were levied after April 1, 2002, on the assessed value listed as of January 1, 2002, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 (although the Fairfield County Auditor usually files for an extension in sending out tax bills so payment is due by February 14th), with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2003 represents collections of calendar year 2002 taxes. Public utility real and tangible personal property taxes received in calendar year 2003 became a lien December 1, 2001, were levied after April 1, 2002 and are collected in 2003 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenue received during calendar 2003 (other than public utility property) represents the collection of 2003 taxes. Tangible personal property taxes received in calendar year 2003 were levied after April 1, 2002, on the value as of December 31, 2002. Tangible personal property is currently assessed at twenty-five percent of true value for capital assets and twenty-four percent of true value for inventory.

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

The District receives property taxes from Fairfield County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2003, are available to finance fiscal year 2003 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

**AMANDA CLEARCREEK LOCAL SCHOOL DISTRICT
FAIRFIELD COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2003**

Note 4. Property Tax (Continued)

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2003 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

The assessed values upon which the fiscal year 2003 taxes were collected are:

Real Property-Commercial/Industrial	\$4,666,590
Real Property-Residential/Agricultural	98,849,280
Real Property-Minerals	4,720
Personal Property-General	3,173,595
Personal Property-Public Utilities	4,239,710
Total Assessed Value	\$110,933,895

Note 5. Receivables

Receivables at June 30, 2003 consisted of taxes, accounts (miscellaneous), and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current guarantee of Federal funds.

A summary of the principal items of Intergovernmental Receivables follows:

General Fund:	
Tax Rollbacks	\$179
Total General Fund	\$179
Debt Service Fund:	
Tax Rollbacks	\$34
Total Debt Service Fund	\$34
Capital Projects Fund:	
Tax Rollbacks	\$19
Capital Projects Fund	\$19
Enterprise Fund:	
Food Service Fund	\$13,754
Total Enterprise Fund	\$13,754
Grand Total	\$13,986

**AMANDA CLEARCREEK LOCAL SCHOOL DISTRICT
FAIRFIELD COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2003**

Note 6. Fixed Assets

During fiscal year 2003, the District revised its capitalization threshold to \$1,000 for its general fixed asset reporting. Further, the District identified assets not previously reported. The effect of these adjustments for the year ended June 30, 2002 is as follows:

	Balance at June 30, 2002	Adjustment for capitalization level to \$1,000	Restated Balance June 30, 2002
Land & Improvements	\$752,246	3,474	\$755,720
Buildings	2,740,473	(3,467)	2,737,006
Construction in Progress	11,785,152	0	11,785,152
Furniture & Equipment	2,695,773	(321,790)	2,373,983
Vehicles	1,321,170	(71,380)	1,249,790
Total	<u>\$19,294,814</u>	<u>(393,163)</u>	<u>\$18,901,651</u>

The following is a summary of changes in the General Fixed Assets Account Group during the fiscal year 2003:

	General Fixed Assets June 30, 2002	Additions	Deletions	General Fixed Assets June 30, 2003
Land and Improvements	\$ 755,720	0	0	\$ 755,720
Buildings	2,737,006	0	0	2,737,006
Construction in Progress	11,785,152	14,334,077	0	26,119,229
Furniture and Equipment	2,373,983	164,634	(1,004)	2,537,613
Vehicles	1,249,790	0	0	1,249,790
Total General Fixed Assets	<u>\$ 18,901,651</u>	<u>14,498,711</u>	<u>(1,004)</u>	<u>\$ 33,399,358</u>

The following is a summary of the proprietary funds property, plant and equipment at June 30, 2003:

Furniture and Equipment	\$ 158,885
Less: Accumulated Depreciation	(87,173)
Net Fixed Assets	<u>\$ 71,712</u>

In proprietary funds, the following estimated useful lives are used to compute depreciation:

Equipment	8-20 years
Furniture	20 years
Vehicles	10 years

**AMANDA CLEARCREEK LOCAL SCHOOL DISTRICT
FAIRFIELD COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2003**

Note 7. Defined Benefit Pension Plans

A. School Employees Retirement System

The District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Columbus, Ohio 43215-3746.

Plan members are required to contribute 9 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2003, 8.17 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2002, 5.46 percent of annual covered salary was the portion used to fund pension obligation. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amount, by the SERS' Retirement Board. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2003, 2002, and 2001 were \$194,436, \$189,168 and \$175,752, respectively; 46.3 percent has been contributed for fiscal year 2003 and 100 percent for fiscal years 2002 and 2001. \$112,933 representing the unpaid contribution for fiscal year 2003, including the surcharge, is recorded as a liability within the respective funds and the general long-term obligations account group.

B. State Teachers Retirement System

The District participates in the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system. STRS provides basic retirement and disability benefits, annual cost-of-living adjustments, and death and survivor benefits to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information for STRS. That report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771 or by calling 614-227-4090.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor.

The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5% of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

**AMANDA CLEARCREEK LOCAL SCHOOL DISTRICT
FAIRFIELD COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2003**

Note 7. Defined Benefit Pension Plans (Continued)

A DB or Combined Plan member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

For the fiscal year ended June 30, 2003, plan members are required to contribute 9.3 percent of their annual covered salaries. The District is required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2002, the portion used to fund pension obligations was 9.5 percent. 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 required contributions for pension obligations to STRS for the fiscal years ended June 30, 2003, 2002, and 2001 were \$664,692, \$680,640 and \$605,736, respectively; 83.33 percent has been contributed for fiscal year 2003, and 100 percent for fiscal years 2002 and 2001. \$110,782 representing the unpaid contribution for fiscal year 2003, is recorded as a liability within the respective funds.

Note 8. 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 Systems based on authority granted by State statute. Both systems are funded on a pay-as-you-go basis.

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care cost will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. Effective July 1, 2002, the STRS Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Reserve Fund, a decrease of 3.5 percent for fiscal year 2003. For the District, this amount equaled \$213,651 for fiscal year 2003.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 2002, (the latest information available) the balance in the Fund was \$3.011 billion. For the year ended June 30, 2002, net health care costs paid by STRS were \$354,697,000 and STRS had 105,300 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more years of qualifying service credit, and to 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.

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2002 (the latest information available), employer contributions to fund health care benefits were 5.83 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 2003, the minimum pay has been established at \$12,400. For the District, the amount to fund health care benefits, including surcharge, during the 2003 fiscal year equaled \$141,008.

**AMANDA CLEARCREEK LOCAL SCHOOL DISTRICT
FAIRFIELD COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2003**

Note 8. Postemployment Benefits (Continued)

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care at June 30, 2002, (the latest information available), were \$182,946,777 and the target level was \$274.4 million. At June 30, 2002, SERS had net assets available for payment of health care benefits of \$335.2 million. SERS has approximately 50,000 participants receiving health care benefits.

Note 9. Compensated Absences

The criteria for determining vested vacation and sick leave components are derived from negotiated agreements and State laws. Only administrative and support personnel who are under a full year contract (260 days) are eligible for vacation time. The administrators are generally granted twenty days of vacation per year.

Classified employees earn ten to twenty days of vacation per year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment.

The classified personnel accumulate vacation based on the following schedule:

Years Service	Vacation Days
1-9	1 -10 days
10-19	10-15 days
20 and beyond	16-20 days

Each employee earns sick leave at the rate of one and one-fourth days per month. Sick leave shall accumulate during active employment on a continuous year-to-year basis. Maximum sick leave accumulation for classified employees is 225 days and for certified employees it is 250 days.

For classified employees, retirement severance is paid to each employee retiring from the District at a per diem rate of the annual salary at the time of retirement if the employee has been employed by the District for a minimum of ten consecutive years at the time of retirement. Any employee receiving retirement severance pay shall be entitled to a dollar amount equivalent to one-fourth of all accumulated sick leave credited to that employee up to fifty days. A bonus of twenty days is granted if retirement is by the State Teachers Retirement standards.

Note 10. Risk Management

A. General Risk

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. The District has addressed these various types of risk by purchasing a comprehensive insurance policy through commercial carriers. General liability insurance is maintained in the amount of \$2,000,000 for each occurrence and \$5,000,000 in the aggregate.

The District maintains fleet insurance in the amount of \$2,000,000 for any one accident or loss and a rider for volunteers.

**AMANDA CLEARCREEK LOCAL SCHOOL DISTRICT
FAIRFIELD COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2003**

Note 10. Risk Management (continued)

The District maintains replacement cost insurance on buildings and contents in the amount of \$47,628,474.

B. Workers' Compensation-Public Entity Risk Pool

The District participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect and the Immediate Past President of the Ohio School Boards Association. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on

B. Workers' Compensation-Public Entity Risk Pool (continued)

the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Company provides administrative, cost control and actuarial services to the GRP.

C. Health Insurance

The District has established an internal service "self-insurance" fund, in conjunction with a formalized risk management program, in an effort to minimize risk exposure and control claims and premium costs.

This self-insurance fund was established February, 1997 for the purpose of accumulating balances sufficient to self-insure basic medical, dental, vision, and prescription drug coverage and permit excess umbrella coverage for claims over a pre-determined level. Board and employee premium contributions are determined by negotiated agreement. Amounts are paid into this fund from the General Fund, Lunchroom Fund, and certain Special Revenue Funds (Grants). Claims payments are made on an as-incurred basis, thus no "reserve" remains with the insurance carrier.

Expenses for claims are recorded as other expenses when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Because actual claims liabilities depend on such complex factors as inflation, changes in legal doctrines, and damage awards, the process used in computing claims liability does not necessarily result in an exact amount. Claims liabilities are re-evaluated periodically to take into consideration recently settled claims, the frequency of claims, and other economic and social factors.

**AMANDA CLEARCREEK LOCAL SCHOOL DISTRICT
FAIRFIELD COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2003**

Note 10. Risk Management (continued)

C. Health Insurance (continued)

Liabilities for incurred losses to be settled by fixed or reasonably determinable payments over a long period of time are reported at their present value using expected future investment assumptions as determined by the third party administrator. These liabilities are reported at their present value of \$54,342 at June 30, 2003. A summary of changes in self-insurance claims for the year ended June 30, 2003 follows:

	FY 2003	FY 2002
Claim Liabilities at July 1	\$30,528	\$171,576
Claims Paid	974,598	659,834
Incurred Claims	(974,934)	(800,882)
Claims incurred but not paid	24,150	
Claim Liabilities at June 30	\$54,342	\$30,528

Monies are provided from each fund based on a per-employee charge and are recorded as charges for services in the Self-Insurance Fund and as an expenditure in the disbursing fund.

In January 2002, the District joined the South Central Ohio Insurance Consortium (SCOIC) to self insure its medical claims. SCOIC currently includes nine member school districts and governmental entities. EV Benefits, a third party administrator, services all health/medical claims submitted by employees. An excess coverage insurance policy covers individual claims for the District in excess of \$100,000 and \$3,000,000 lifetime maximum, per employee consortium wide.

Note 11. Long-Term Debt

A summary of changes in long-term obligations for the year ended June 30, 2003, are as follows:

	Balance			Balance
	July 1, 2002	Additions	Deletions	June 30, 2003
Intergovernmental Payable	\$ 71,423	73,655	71,423	\$ 73,655
General Obligation Bonds Payable	4,265,000	0	105,000	4,160,000
Lease Obligations Payable	120,529	0	95,095	25,434
Compensated Absences Payable	591,030	762,470	591,030	762,470
	\$ 5,047,982	836,125	862,548	\$ 5,021,559

**AMANDA CLEARCREEK LOCAL SCHOOL DISTRICT
FAIRFIELD COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2003**

Note 11. Long-Term Debt (continued)

General Obligation Bonds:

General Obligation Bonds were issued by the District on March 15, 2000 in the amount of \$4,417,000 for the purpose of the constructing a K-12 facility. These bonds were issued for a period of 22 years at a rate of 5.45%, mature December 1, 2022, and are in full compliance with the general laws of the State of Ohio, particularly Sections 133.01 to 133.48, inclusive, of the Revised Code and Section 133.09 thereof.

These bonds were issued to provide a partial cash match for the classroom facilities assistance program of \$24,738,919 for which the District was approved by the State Department of Education. As a requirement of the classroom facilities assistance program, the District was required to pass a 4.5 mill levy to the District's residents. The 4.5 mill levy, of which .5 mills must be set aside and used for facilities maintenance, will be in effect for twenty-two years.

The annual maturities of the general obligations bonds as of June 30, 2003, and related interest payments are as follows:

Fiscal Year	Principal	Interest	Payment
2004	\$120,000	\$233,417	\$353,417
2005	125,000	227,536	352,536
2006	135,000	224,505	359,505
2007	150,000	217,822	367,822
2008	145,000	206,550	351,550
2009-2013	850,000	903,920	1,753,920
2014-2018	1,135,000	603,493	1,738,493
2019-2022	1,500,000	226,721	1,726,721
Total	\$4,160,000	\$2,843,964	\$7,003,964

Lease Obligations:

The District is making installment payments on computers and copy machines. The obligation has an outstanding balance of \$25,434 at June 30, 2003.

	Principal	Interest	Payment
FY 2004	25,434	2,543	27,977

**AMANDA CLEARCREEK LOCAL SCHOOL DISTRICT
FAIRFIELD COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2003**

Note 12. Interfund Transactions

At June 30, 2003, the District had short-term interfund loans which are classified as "interfund receivables/payables." An analysis of interfund balances is as follows:

	<u>Receivables</u>	<u>Payables</u>
General Fund	\$7	\$0
Special Revenue Fund	0	7
	<u>\$7</u>	<u>\$7</u>

The Transfers In reflected in the Combined Statement of Revenues, Expenditures, and Changes in Fund Balance amount to \$762,191, while the Transfers Out amount to \$672,191. This difference is due to a transfer out from the Agency fund, which does not have an operating statement presentation.

Note 13. Jointly Governed Organizations

Metropolitan Educational Council (MEC) - MEC is a not-for-profit educational council whose primary purpose and objective is to contribute to the educational services available to school districts in Franklin County and surrounding areas by cooperative action membership. The governing board consists of a representative from each of the Franklin County districts. Districts outside of Franklin County are associate members and each county selects a single district to represent them on the governing board. MEC is its own fiscal agent. The District does not have an ongoing financial interest in or ongoing financial responsibility for MEC. MEC provides computer services to the District.

South Central Ohio Insurance Consortium (SCOIC)- The SCOIC is a regional council of governments organized under Ohio Revised Code Section 167. The SCOIC's primary purpose and objective is establishing and carrying out a cooperative health program for its members. The governing board consists of the superintendent or other designees appointed by each of the members of the SCOIC. The District does not have an ongoing interest in or ongoing financial responsibility for the SCOIC other than claims paid on behalf of the District for their employees. The District joined the SCOIC on January 1, 2002.

Note 14. Contingencies

A. 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 agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds.

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, 2003.

**AMANDA CLEARCREEK LOCAL SCHOOL DISTRICT
FAIRFIELD COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2003**

Note 15. School Funding Decision

On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision reaffirmed earlier decisions that Ohio's current school funding decision is unconstitutional.

The Supreme Court relinquished jurisdiction over the case and directed "...the Ohio General Assembly to enact a school funding scheme that is thorough and efficient...".

The District is currently unable to determine what effect, if any, this decision will have on its future State funding and on its financial operations.

Note 16. Statutory Reserves

The District is required by state law to set aside certain general fund revenue amounts, as defined, into the textbook and capital reserves. Although Ohio Rev. Code Section 5705.29 has been repealed, the District has chosen to maintain the budget reserve, as allowable under Senate Bill 345. The budget reserve is comprised of the Bureau of Workers Compensation refund/rebate. Expenditures from the budget reserve are limited as to their use by state law. During the fiscal year ended June 30, 2003, the reserve activity was as follows:

	Textbook Acquisition	Capital Acquisition	Budget Stabilization	Total
Set aside Cash Balance as of June 30, 2002	\$ 0	0	170,191	\$ 170,191
Current Year Set-Aside Requirement	191,894	191,894	0	383,788
Qualifying Disbursements	(315,448)	(376,700)	(170,191)	(862,339)
Total	<u>(123,554)</u>	<u>(184,806)</u>	<u>0</u>	<u>(308,360)</u>

The District had qualifying disbursements during the year that reduced the set-aside amounts below zero. The amount in excess of current set-aside requirement may be used to reduce the set-aside requirement of future years for the Textbooks and Instructional Material reserve.

**AMANDA CLEARCREEK LOCAL SCHOOL DISTRICT
FAIRFIELD COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2003**

Note 17. Fund Deficits

Fund balances at June 30, 2002, included the following individual fund deficits:

Fund balances at June 30,
2002, included the
following individual fund
deficits:

Title I	\$(9,775)
Title VI	\$(7)
Title VI-R	\$(934)
Ohio Reads	\$(47)

The deficits resulted from accrued liabilities. The general fund is liable for any deficit in these funds and provides operating transfers when cash is required, not when accruals occur.

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**AMANDA- CLEARCREEK LOCAL SCHOOL DISTRICT
FAIRFIELD COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2003**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
U.S. DEPARTMENT OF AGRICULTURE						
<i>Passed Through Ohio Department of Education.</i>						
Nutrition Cluster:						
Food Donation	N/A	10.550	\$0	\$26,595	\$0	\$26,595
National School Lunch Program	04-LLP-02/03	10.555	91,712	0	91,712	0
TOTAL U.S. DEPARTMENT OF AGRICULTURE- NUTRITION CLUSTER			91,712	26,595	91,712	26,595
U.S. DEPARTMENT OF EDUCATION						
<i>Passed Through Ohio Department of Education.</i>						
Special Education Grants to States	04-6BSF-2002-P	84.027	1,440	0	1,440	0
Special Education Grants to States	04-6BSF-2003-P	84.027	142,552	0	142,552	0
			143,992	0	143,992	0
Title 1-Grants to Local Educational Agencies	04-C1S1-2001	84.010	7,899	0	16,796	0
Title 1-Grants to Local Educational Agencies	04-C1S1-2002	84.010	8,529	0	14,052	0
Title 1-Grants to Local Educational Agencies	04-C1S1-2003	84.010	166,655	0	151,080	0
			183,082	0	181,928	0
Safe and Drug-Free Schools State Grants	04-DRS1-2001	84.186	4,320	0	4,320	0
Safe and Drug-Free Schools State Grants	04-DRS1-2003	84.186	7,742	0	7,742	0
			12,062	0	12,062	0
Eisenhower Professional Development State Grant	MSS1-2002	84.281	0	0	7,629	0
Innovative Educational Program Strategies	C2S1-2003	84.298	9,118	0	9,118	0
Education Technology State Grants	TJS1-2003	84.318	5,154	0	0	0
Class Size Reduction	CRS1-2002	84.340	10,437	0	10,437	0
School Renovation and Technology Grant	ATS3-2002	84.352	1,822	0	0	0
Improving Teacher Quality State Grants	TRS1-2003	84.367	51,692	0	46,370	0
TOTAL U.S. DEPARTMENT OF EDUCATION			417,359	0	411,536	0
Totals			\$509,071	\$26,595	\$503,248	\$26,595

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

**AMANDA-CLEARCREEK LOCAL SCHOOL DISTRICT
FAIRFIELD COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
JUNE 30, 2003**

NOTE A--SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B--CHILD NUTRITION CLUSTER

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

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



Auditor of State Betty Montgomery

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

Amanda-Clearcreek Local School District
Fairfield County
328 E. Main Street
Amanda, Ohio 43102

To the Board of Education:

We have audited the general-purpose financial statements of the Amanda-Clearcreek Local School District, Fairfield County, Ohio, (the District) as of and for the year ended June 30, 2003, and have issued our report thereon dated December 22, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

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*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated December 22, 2003.

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 a matter involving the internal controls over financial reporting that does not require inclusion in this report, that we have reported to management of the District in a separate letter dated December 22, 2003.

35 N. Fourth St. / Second Floor / Columbus, OH 43215
Telephone: (614) 466-3402 (800) 443-9275 Fax: (614) 728-7199
www.auditor.state.oh.us

This report is intended for the information and use of management, the audit committee, 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.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

December 22, 2003



Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Amanda-Clearcreek Local School District
Fairfield County
328 E. Main Street
Amanda, Ohio 43102

To the Board of Education:

Compliance

We have audited the compliance of the Amanda-Clearcreek Local School District, Fairfield 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, 2003. 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 its major federal program 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 auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on the 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, 2003.

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.

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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 audit committee, 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.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

December 22, 2003

**AMANDA-CLEARCREEK LOCAL SCHOOL DISTRICT
FAIRFIELD COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 §.505
JUNE 30, 2003**

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 Grants to States- CFDA #84.027)
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
(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 FOR FEDERAL AWARDS

None

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**Auditor of State
Betty Montgomery**

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Columbus, Ohio 43216-1140
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800-282-0370
Facsimile 614-466-4490

AMANDA-CLEARCREEK LOCAL SCHOOL DISTRICT

FAIRFIELD COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 16, 2004**