



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO



**Auditor of State
Betty Montgomery**

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

January 21, 2003

The attached audit was conducted and prepared for release prior to the commencement of my term of office on January 13, 2003. Thus, I am releasing this audit under the signature of my predecessor.

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

**Amanda-Clearcreek Local School District
General Purpose Financial Statements
Year Ended June 30, 2002**

Report of Independent Accountants	1
GENERAL PURPOSE FINANCIAL STATEMENTS	
Combined Balance Sheet - All Fund Types and Account Groups.....	3
Combined Statement of Revenues, Expenditures and Changes in Fund Balances	5
- All Governmental Fund Types and Similar Fiduciary Funds	
Combined Statement of Revenues, Expenditures and Changes in Fund Balances.....	6
- Budget and Actual - All Governmental Fund Types and Similar Fiduciary Funds	
Combined Statement of Revenues, Expenses and Changes in Retained Earnings	9
- All Proprietary Fund Types	
Combined Statement of Cash Flows	10
- All Proprietary Fund Types	
Notes to the General Purpose Financial Statements	11
Schedule of Federal Awards Receipts and Expenditures.....	39
Notes to the Federal Awards Receipts and Expenditures	40
Report on Compliance and on Internal Controls Required By <i>Government Auditing Standards</i>	41
Report on Compliance with Requirements Applicable to Major Federal Programs and Internal Control Over Compliance in Accordance with <i>OMB Circular A-133</i>	43
Schedule of Findings.....	45

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STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

35 North Fourth Street
Columbus, Ohio 43215
Telephone 614-466-3402
800-443-9275
Facsimile 614-728-7199
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

Amanda-Clearcreek Local School District
Fairfield County
414 N. School 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, 2002, 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, 2002, 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 November 18, 2002 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.

We performed our audit to form an opinion on the general-purpose financial statements of the District, taken as a whole. The accompanying schedule of federal award 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 and, in our opinion, 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, appearing to read "Jim Petro", with a large, stylized loop at the end.

JIM PETRO
Auditor of State

November 18, 2002

**Amanda-Clearcreek Local School District
 Combined Balance Sheet
 All Fund Types and Account Groups
 June 30, 2002**

	Governmental Fund Types			Proprietary Fund Types		Fiduciary	Account	Groups	Totals	
	General	Special Revenue	Debt Service	Capital Project	Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long Term Debt	(Memorandum Only)
Assets and Other Debits:										
Equity in Pooled Cash and Investments	\$1,857,411	293,764	144,394	7,404,985	114,087	125,900	192,678	0	0	\$10,133,219
Cash with Fiscal Agent	0	0	0	0	0	147,217	0	0	0	147,217
Restricted Asset-Cash and Cash Equivalents	170,191	0	0	18,855	0	0	0	0	0	189,046
Taxes Receivable	2,123,391	42,468	380,583	229,771	0	0	0	0	0	2,776,213
Due from Other Funds	0	0	0	0	0	0	68	0	0	68
Interfund Receivables	7	0	0	0	0	0	0	0	0	7
Intergovernmental Receivables	0	4,320	0	0	12,433	0	0	0	0	16,753
Accounts Receivable	56,239	437	0	0	523	0	4,782	0	0	61,981
Supplies Inventory	12,453	0	0	0	1,543	0	0	0	0	13,996
Inventory for Resale	0	0	0	0	8,778	0	0	0	0	8,778
Fixed Assets (Net of Accumulated Depreciation)	0	0	0	0	76,556	0	0	19,294,814	0	19,371,370
Amount Available in Debt Service Fund	0	0	0	0	0	0	0	0	170,736	170,736
Amount to be Provided for Retirement of General Long Term Debt	0	0	0	0	0	0	0	0	4,877,246	4,877,246
Total Assets and Other Debits	\$4,219,692	340,989	524,977	7,653,611	213,920	273,117	197,528	19,294,814	5,047,982	\$37,766,630

(Continued)

Amanda-Clearcreek Local School District
Combined Balance Sheet
All Fund Types and Account Groups, Continued
June 30, 2002

	Governmental Fund Types			Proprietary Fund Types		Fiduciary	Account	Groups	Totals	
	General	Special Revenue	Debt Service	Capital Project	Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long Term Debt	(Memorandum Only)
Liabilities:										
Interfund Payables	\$0	7	0	0	0	0	0	0	0	\$7
Due to Other Funds	67	1	0	0	0	0	0	0	0	68
Intergovernmental Payable	142,134	4,536	0	0	12,259	0	68	0	71,423	230,420
Accounts Payable	191,211	20,184	0	0	2,123	3	1,822	0	0	215,343
Claims Payable	0	0	0	0	0	30,528	0	0	0	30,528
Accrued Salaries and Benefits	753,965	31,530	0	0	24,885	0	0	0	0	810,380
Deferred Revenue	1,982,542	39,540	354,241	214,363	0	0	0	0	0	2,590,686
Contracts Payable	0	0	0	112,225	0	0	0	0	0	112,225
Due to Others	0	0	0	0	0	0	181,189	0	0	181,189
General Obligation Bonds Payable	0	0	0	0	0	0	0	0	4,265,000	4,265,000
Lease Obligations Payable	0	0	0	0	0	0	0	0	120,529	120,529
Compensated Absences Payable	7,526	0	0	0	3,823	0	0	0	591,030	602,379
Total Liabilities	3,077,445	95,798	354,241	326,588	43,090	30,531	183,079	0	5,047,982	9,158,754
Fund Equity and Other Credits:										
Investment in General Fixed Assets	0	0	0	0	0	0	0	19,294,814	0	19,294,814
Retained Earnings	0	0	0	0	170,830	242,586	0	0	0	413,416
Fund Balances:										
Reserved For Inventory	12,453	0	0	0	0	0	0	0	0	12,453
Reserved for Encumbrances	68,295	20,566	0	14,865,360	0	0	136	0	0	14,954,357
Reserved for Budget Stabilization	170,191	0	0	0	0	0	0	0	0	170,191
Reserved for Future Appropriation	140,754	2,926	26,324	15,398	0	0	0	0	0	185,402
Unreserved Fund Balance	750,554	221,699	144,412	(7,553,735)	0	0	14,313	0	0	(6,422,757)
Total Fund Equity	1,142,247	245,191	170,736	7,327,023	0	0	14,449	0	0	8,887,193
Total Fund Equity and Other Credits	1,142,247	245,191	170,736	7,327,023	170,830	242,586	14,449	19,294,814	0	28,607,876
Total Liabilities, Fund Equity, and Other Credits	\$4,219,692	340,989	524,977	7,653,611	213,920	273,117	197,528	19,294,814	5,047,982	\$37,766,630

See Accompanying Notes to the General Purpose Financial Statements.

Amanda-Clearcreek Local School District
Combined Statement of Revenues, Expenditures, and Changes in Fund Balance
All Governmental Fund Types and Expendable Trust Fund
Year Ended June 30, 2002

	Governmental Fund Types				Fiduciary	Totals
	General	Special Revenue	Debt Service	Capital Projects	Fund Types Expendable Trust	(Memorandum) (Only)
REVENUES:						
Taxes	\$1,975,099	47,135	360,789	222,322	0	\$2,605,345
Tuition	142,946	0	0	0	0	142,946
Earnings on Investments	146,897	0	0	483,543	0	630,440
Extracurricular Activities	0	171,817	0	0	0	171,817
Classroom Materials and Fees	53,506	0	0	0	0	53,506
Miscellaneous	14,012	32,030	0	15,900	12,180	74,122
Unrestricted Grants-in-Aid	7,152,534	0	43,435	26,967	0	7,222,936
Restricted Grants-in-Aid	233,165	51,910	0	2,565,089	0	2,850,164
Revenue for/on Behalf of District	7,491	7,592	0	0	0	15,083
Restricted Grants-in-Aid	0	286,431	0	0	0	286,431
Total Revenue	9,725,650	596,915	404,224	3,313,821	12,180	14,052,790
EXPENDITURES:						
Instruction						
Regular	4,287,549	156,829	0	31,035	0	4,475,413
Special	680,380	306,542	0	0	0	986,922
Vocational	429,327	0	0	0	0	429,327
Other	255,197	0	0	0	0	255,197
Supporting Services						
Pupils	301,146	0	0	0	735	301,881
Instructional Staff	266,746	32,072	0	0	7,039	305,857
Board of Education	60,097	0	0	0	0	60,097
Administration	792,710	2,517	0	0	0	795,227
Fiscal Services	197,306	0	0	3,983	0	201,289
Business	34,702	0	0	0	0	34,702
Operation & Maintenance-Plant	764,966	747	0	0	0	765,713
Pupil Transportation	935,656	0	0	0	0	935,656
Central	0	4,182	0	0	0	4,182
Food Services	0	0	0	0	66	66
Academic & Subject Oriented	10,829	0	0	0	0	10,829
Occupation Oriented Activities	2	0	0	0	3,199	3,201
Sports Oriented	142,427	111,791	0	0	0	254,218
Co-Curricular Activities	8,365	0	0	0	0	8,365
Capital Outlay						
Site Improvement	3,808	0	0	25,631	0	29,439
Architecture & Engineering	0	0	0	143,057	0	143,057
Other Facility Acquisition & Construction	3,456	0	0	6,787,832	0	6,791,288
Debt Service						
Repayment of Debt	0	0	349,698	0	0	349,698
Total Expenditures	9,174,669	614,680	349,698	6,991,538	11,039	17,141,624
Excess of Revenues						
Over (Under) Expenditures	550,981	(17,765)	54,526	(3,677,717)	1,141	(3,088,834)
Other Financing Sources and Uses:						
Sale & Loss of Fixed Assets						
Sale & Loss of Fixed Assets	2,148	0	0	172,045	0	174,193
Transfers-In	0	0	0	500,000	0	500,000
Refund of Prior Years Expenditures	88,646	0	0	0	0	88,646
Transfers-Out	(500,000)	0	0	0	0	(500,000)
Total Other Financing Sources and Uses	(409,206)	0	0	672,045	0	262,839
Excess (Deficiency) of Revenues and Other Sources Over Expenditure and Other Uses						
Excess (Deficiency) of Revenues and Other Sources Over Expenditure and Other Uses	141,775	(17,765)	54,526	(3,005,672)	1,141	(2,825,995)
Decrease in Inventory	(21,585)	0	0	0	0	(21,585)
Beginning Fund Balance	1,022,057	262,956	116,210	10,332,695	13,308	11,747,226
Ending Fund Balance	\$1,142,247	245,191	170,736	7,327,023	14,449	\$8,899,646

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 Expendable Trust Fund
Year Ended June 30, 2002

	General Fund			Special Revenue Funds		
	Revised		Variance	Revised		Variance
	Budget	Actual	Favorable (Unfavorable)	Budget	Actual	Favorable (Unfavorable)
Revenues:						
Taxes	\$1,919,030	1,919,030	0	46,024	46,024	\$0
Tuition	142,946	142,946	0	0	0	0
Earnings on Investment	125,000	142,705	17,705	0	0	0
Extracurricular Activities	0	0	0	172,598	172,599	1
Classroom Materials and Fees	46,093	46,083	(10)	0	0	0
Miscellaneous	22,558	22,558	0	32,030	32,030	0
State Unrestricted Grants-in-Aid	7,152,919	7,152,555	(364)	0	0	0
State Restricted Grants-in-Aid	233,165	233,165	0	51,910	51,910	0
Revenue for/on Behalf of District	7,491	7,491	0	4,142	7,592	3,450
Federal Restricted Grants-in-Aid	0	0	0	282,111	282,111	0
Total Revenue	9,649,202	9,666,533	17,331	588,815	592,266	3,451
Expenditures:						
Regular Instruction	4,381,609	4,322,716	58,893	192,086	157,430	34,656
Special Instruction	672,733	668,992	3,741	327,649	313,229	14,420
Vocational Instruction	437,948	436,383	1,565	0	0	0
Other Instruction	186,988	186,988	0	0	0	0
Support Services-Pupils	303,400	301,602	1,798	0	0	0
Support Services-Instructional Staff	261,465	249,686	11,779	39,110	31,912	7,198
Support Services-Board of Education	56,205	55,160	1,045	0	0	0
Support Services-Administration	809,162	802,882	6,280	3,933	2,674	1,259
Fiscal Services	202,938	200,378	2,560	0	0	0
Support Services-Business	41,630	41,630	0	0	0	0
Operation & Maintenance-Plant	807,558	804,416	3,142	800	747	53
Support Services-Transportation	959,806	950,120	9,686	0	0	0
Support Services-Central/Community	0	0	0	15,989	4,317	11,672
Food Services Operations	0	0	0	0	0	0
Academic & Subject Oriented	8,320	8,319	1	0	0	0
Occupation Oriented Activities	0	0	0	0	0	0
Sports Oriented	149,255	146,096	3,159	201,055	132,726	68,329
Co-Curricular Activities	8,333	8,333	0	0	0	0
Site Improvement	4,000	3,808	192	0	0	0
Architecture & Engineering	0	0	0	0	0	0
Other Facilities Acq. & Construction	4,678	4,273	405	0	0	0
Repayment of Debt	0	0	0	0	0	0
Total Expenditures	9,296,028	9,191,782	104,246	780,622	643,035	137,587
Excess of Revenue Over (Under) Expenditures	353,174	474,751	121,577	(191,807)	(50,769)	141,038
Other Financing Sources (Uses):						
Sale of Fixed Assets	2,105	2,105	0	0	0	0
Transfers-In	0	0	0	0	0	0
Refund of Prior Years Expenditures	54,439	54,439	0	0	0	0
Transfers-Out	(500,000)	(500,000)	0	0	0	0
Total Other Financing Sources (Uses)	(443,456)	(443,456)	0	0	0	0
Excess of Revenues & Other Financing Sources Over (Under) Expenditures and Other Financing Uses						
Beginning Fund Balance	1,544,174	1,544,174	--	260,890	260,890	--
Prior Year Carry Over Encumbrances	293,765	293,765	--	44,199	44,199	--
Ending Fund Balance	\$1,747,657	1,869,234	121,577	113,282	254,320	\$141,038

See Accompanying Notes to the General Purpose Financial Statements

(Continued)

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 Expendable Trust Fund- Continued
Year Ended June 30, 2002

	Debt Service Funds			Capital Projects Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Taxes	\$348,947	348,947	0	216,892	216,892	\$0
Tuition	0	0	0	0	0	0
Earnings on Investment	0	0	0	494,267	494,267	0
Extracurricular Activities	0	0	0	0	0	0
Classroom Materials and Fees	0	0	0	0	0	0
Miscellaneous	0	0	0	15,900	15,900	0
State Unrestricted Grants-in-Aid	43,439	43,439	0	26,605	26,969	364
State Restricted Grants-in-Aid	0	0	0	12,563,385	2,565,089	(9,998,296)
Revenue for/on Behalf of District	0	0	0	0	0	0
Federal Restricted Grants-in-Aid	0	0	0	0	0	0
Total Revenue	392,386	392,386	0	13,317,049	3,319,117	(9,997,932)
Expenditures:						
Regular Instruction	0	0	0	79,321	31,035	48,286
Special Instruction	0	0	0	0	0	0
Vocational Instruction	0	0	0	0	0	0
Other Instruction	0	0	0	0	0	0
Support Services-Pupils	0	0	0	0	0	0
Support Services-Instructional Staff	0	0	0	0	0	0
Support Services-Board of Education	0	0	0	0	0	0
Support Services-Administration	0	0	0	0	0	0
Fiscal Services	0	0	0	4,000	3,983	17
Support Services-Business	0	0	0	0	0	0
Operation & Maintenance-Plant	0	0	0	0	0	0
Support Services-Transportation	0	0	0	0	0	0
Support Services-Central/Community	0	0	0	0	0	0
Food Service Operations	0	0	0	0	0	0
Academic & Subject Oriented	0	0	0	0	0	0
Occupation Oriented Activities	0	0	0	0	0	0
Sports Oriented	0	0	0	0	0	0
Co-Curricular Activities	0	0	0	0	0	0
Site Improvement	0	0	0	56,299	27,858	28,441
Architecture & Engineering	0	0	0	511,434	215,743	295,691
Other Facilities Acq. & Construction	0	0	0	21,347,059	6,726,787	14,620,272
Repayment of Debt	349,698	349,698	0	0	0	0
Total Expenditures	349,698	349,698	0	21,998,113	7,005,406	14,992,707
Excess of Revenue Over (Under) Expenditures	42,688	42,688	0	(8,681,064)	(3,686,289)	(4,994,775)
Other Financing Sources (Uses):						
Sale of Fixed Assets	0	0	0	172,045	172,045	0
Transfers-In	0	0	0	500,000	500,000	0
Refund of Prior Years Expenditures	0	0	0	0	0	0
Advances-Out	0	0	0	0	0	0
Total Other Financing Sources (Uses)	0	0	0	672,045	672,045	0
Excess of Revenues & Other Financing Sources Over (Under) Expenditures and Other Financing Uses	42,688	42,688	0	(8,009,019)	(3,014,244)	(4,994,775)
Beginning Fund Balance	101,707	101,707	--	9,337,045	9,337,045	--
Prior Year Carry Over Encumbrances	0	0	--	1,128,900	1,128,900	--
Ending Fund Balance	\$144,395	144,395	0	2,456,926	7,451,701	(4,994,775)

See Accompanying Notes to the General Purpose Financial Statements

(Continued)

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
Expendable Fund- Continued
Year Ended June 30, 2002

	Expendable Trust Funds			Totals (Memorandum Only)		
	Revised		Variance	Revised		Variance
	Budget	Actual	Favorable (Unfavorable)	Budget	Actual	Favorable (Unfavorable)
Revenues:						
Taxes	\$0	0	0	2,530,893	2,530,893	\$0
Tuition	0	0	0	142,946	142,946	0
Earnings on Investment	0	0	0	619,267	636,972	17,705
Extracurricular Activities	0	0	0	172,598	172,599	1
Classroom Materials and Fees	0	0	0	46,093	46,083	(10)
Miscellaneous	11,830	11,830	0	82,318	82,318	0
State Unrestricted Grants-in-Aid	0	0	0	7,222,963	7,222,963	0
State Restricted Grants-in-Aid	0	0	0	12,848,460	2,850,164	(9,998,296)
Revenue for/on Behalf of District	0	0	0	11,633	15,083	3,450
Federal Restricted Grants-in-Aid	0	0	0	282,111	282,111	0
Total Revenue	11,830	11,830	0	23,959,282	13,982,132	(9,977,150)
Expenditures:						
Regular Instruction	1,620	0	1,620	4,654,636	4,558,647	95,989
Special Instruction	0	0	0	1,000,382	982,221	18,161
Vocational Instruction	0	0	0	437,948	436,383	1,565
Other Instruction	0	0	0	186,988	186,988	0
Support Services-Pupils	1,762	769	993	305,162	302,371	2,791
Support Services-Instructional Staff	14,878	6,977	7,901	315,453	288,575	26,878
Support Services-Board of Education	0	0	0	56,205	55,160	1,045
Support Services-Administration	0	0	0	813,095	805,556	7,539
Fiscal Services	0	0	0	206,938	204,361	2,577
Support Services-Business	0	0	0	41,630	41,630	0
Operation & Maintenance-Plant	0	0	0	808,358	805,163	3,195
Support Services-Transportation	0	0	0	959,806	950,120	9,686
Support Services-Central/Community	0	0	0	15,989	4,317	11,672
Food Service Operations	199	66	133	199	66	133
Academic & Subject Oriented	0	0	0	8,320	8,319	1
Occupation Oriented Activities	6,689	3,173	3,516	6,689	3,173	3,516
Sports Oriented	0	0	0	350,310	278,822	71,488
Co-Curricular Activities	0	0	0	8,333	8,333	0
Site Improvement	0	0	0	60,299	60,107	192
Architecture & Engineering	0	0	0	511,434	510,743	691
Other Facilities Acq. & Construction	0	0	0	21,351,737	21,351,332	405
Repayment of Debt	0	0	0	349,698	349,698	0
Total Expenditures	25,148	10,985	14,163	32,449,609	32,192,085	257,524
Excess of Revenue Over (Under) Expenditures	(13,318)	845	14,163	(8,490,372)	(18,209,953)	(9,719,581)
Other Financing Sources (Uses):						
Sale of Fixed Assets	0	0	0	174,150	174,150	0
Transfers-In	0	0	0	500,000	500,000	0
Refund of Prior Years Expenditures	0	0	0	54,439	54,439	0
Advances-Out	0	0	0	(500,000)	(500,000)	0
Total Other Financing Sources (Uses)	0	0	0	228,589	228,589	0
Excess of Revenues & Other Financing Sources Over (Under) Expenditures and Other Financing Uses						
	(13,318)	845	14,163	(8,261,783)	(17,981,364)	(9,719,581)
Beginning Fund Balance	10,518	10,518	--	11,254,334	11,254,334	--
Prior Year Carry Over Encumbrances	2,802	2,802	--	1,469,666	1,469,666	--
Ending Fund Balance	\$2	14,165	14,163	4,462,217	(5,257,364)	(9,719,581)

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, 2002

	Proprietary Fund Types		
	Enterprise Funds	Internal Service Funds	Totals (Memorandum Only)
Operating Revenues:			
Food Service	\$303,667	0	\$303,667
Charges for Services	<u>0</u>	<u>894,627</u>	<u>894,627</u>
Total Operating Revenue	303,667	894,627	1,198,294
Operating Expenses:			
Personal Services - Salary	160,416	0	160,416
Employee Benefits	49,049	0	49,049
Purchased Services	0	40,377	40,377
Supplies and Materials	188,731	0	188,731
Claims Payments	0	659,834	659,834
Depreciation	<u>1,469</u>	<u>0</u>	<u>1,469</u>
Total Operating Expenses	<u>399,665</u>	<u>700,211</u>	<u>1,099,876</u>
Operating Income (Loss)	(95,998)	194,416	98,418
Non-Operating Revenues:			
Earnings on Investments	3,131	0	3,131
Loss on Disposal of Assets	(1,289)	0	(1,289)
State Restricted Grants-In-Aid	4,262	0	4,262
Federal Unrestricted Grants-in-Aid	93,427	0	93,427
Federal Commodities	<u>27,789</u>	<u>0</u>	<u>27,789</u>
Total Non-Operating Revenues	<u>127,320</u>	<u>0</u>	<u>127,320</u>
Net Income	31,322	194,416	225,738
Beginning Retained Earnings	<u>139,508</u>	<u>48,170</u>	<u>187,678</u>
Retained Earnings at End of Year	<u>\$170,830</u>	<u>242,586</u>	<u>\$413,416</u>

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, 2002**

	Proprietary Fund Types		Totals (Memorandum) (Only)
	Enterprise Funds	Internal Service Funds	
Cash Flows from Operating Activities:			
Operating Income (Loss)	\$(95,998)	194,416	\$98,418
Adjustment to Reconcile Operating Loss			
To Net Cash Provided by Operating Activities:			
Depreciation	1,469	0	1,469
Federal Commodities	27,789	0	27,789
Net (Increase) Decrease in Assets:			
Accounts Receivable	(501)	42	(459)
Intergovernmental Receivable	(547)	119,501	118,954
Inventory	(9,624)	0	(9,624)
Net Increases (Decreases) in Liabilities:			
Intergovernmental Payable	130	0	130
Accounts Payable	(516)	3	(513)
Deferred Revenue	2,262	0	2,262
Claims Payable	0	(141,048)	(141,048)
Accrued Wages and Benefits	(335)	0	(335)
Compensated Absences	(3,061)	0	(3,061)
Total Adjustments	<u>17,066</u>	<u>(21,502)</u>	<u>(4,436)</u>
Net Cash Provided by Operating Activities	(78,932)	172,914	93,982
Cash Flows from Noncapital Activities:			
Earnings on Investments	3,131	0	3,131
Grants from State Sources	4,262	0	4,262
Grants from Federal Sources	<u>93,427</u>	<u>0</u>	<u>93,427</u>
Net Cash Provided by Noncapital Activities	100,820	0	100,820
Net Increase in Cash & Cash Equivalents	21,888	172,914	194,802
Cash and Cash Equivalents at Beginning of Year	<u>92,199</u>	<u>100,203</u>	<u>192,402</u>
Cash and Cash Equivalents at End of Year	<u>\$114,087</u>	<u>273,117</u>	<u>\$387,204</u>

Noncash activity: Federal Commodities \$27,789

See Accompanying Notes to the General Purpose Financial Statements.

Amanda-Clearcreek Local School District
Fairfield County
Notes to the General Purpose Financial Statements
June 30, 2002

Note 1. Summary of Significant Accounting Policies

The financial statements of the Amanda-Clearcreek Local School District, Fairfield County, Ohio (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, 2001, was 1,584. The District employed 109 certified employees and 65 classified employees. The District is supervised by the Fairfield County Educational Service Center, a separate entity.

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, 2002**

Note 1. Summary of Significant Accounting Policies (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, 2002**

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 Funds - These funds are 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 Funds - These funds account 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, 2002**

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. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. 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 and agency funds. The full accrual basis of accounting is followed for the proprietary funds.

**Amanda-Clearcreek Local School District
Fairfield County
Notes to the General Purpose Financial Statements
June 30, 2002**

Note 1. Summary of Significant Accounting Policies (continued)

C. Measurement Focus/Basis of Accounting (continued)

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, income taxes, grants, entitlements and donations. On an accrual basis, revenue from income tax is recognized in the fiscal year in which the exchange on which the tax is imposed takes place and revenue from property taxes is recognized in the fiscal year for which the taxes are levied. (See Note I)

The modified accrual basis of accounting is followed for Governmental and Expendable Trust Funds. The measurement focus is upon determination of financial position and changes in financial position (sources, uses and balances of financial resources) rather than upon net income determination. Under the basis of accounting:

- 1) Only current assets and current liabilities are generally included on their balance sheets.
- 2) Operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.
- 3) Revenues are recognized when they become both measurable and available to finance expenditures for the current period.
 - a) Revenue accrued at the end of the year may include grants, fines, fees, interest and tuition.
 - b) Property taxes measurable as of June 30, 2002 and delinquent property taxes, whose availability is indeterminate, and are not intended to finance fiscal year 2002 operations, have been recorded as deferred revenues.
- 4) Expenditures are recognized in the period in which the fund liability is incurred with the following exceptions: general long term obligation principal and interest are reported only when due; the current costs of accumulated unpaid vacation and sick leave are reported in the period in which they will be liquidated with available financial resources rather than in the period earned by employees.

The Proprietary Funds are accounted for on the accrual basis of accounting. Revenues are recognized in the period earned and expenses are recognized in the period incurred. 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

**Amanda-Clearcreek Local School District
Fairfield County
Notes to the General Purpose Financial Statements
June 30, 2002**

Note 1. Summary of Significant Accounting Policies (continued)

C. Measurement Focus/Basis of Accounting (Continued)

Bulletins issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements.

Agency fund assets and liabilities are recognized on the modified accrual basis of accounting.

D. Budget and Budgetary Accounting

All governmental and proprietary fund types 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 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 in any fund at the object 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" 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);

**Amanda-Clearcreek Local School District
Fairfield County
Notes to the General Purpose Financial Statements
June 30, 2002**

Note 1. Summary of Significant Accounting Policies (continued)

D. Budget and Budgetary Accounting (Continued)

- 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 subsequent-year expenditures for governmental funds.

E. Cash and Investments

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. During fiscal year 2002, investments were limited to a NOW account, certificates of deposit and State Treasury Asset Reserve of Ohio (STAR Ohio).

Except for investment contracts and money market investments that had a remaining maturity of one year or less at the time of purchase, investments are reported at fair value which is based on quoted market prices. Investment contracts and money market investments that had a remaining maturity of one year or less at the time of purchase are reported at cost or amortized cost.

Under existing Ohio statutes all investment earnings are assigned to the General Fund unless statutorily required to be credited to a specific fund. For the District, all investment 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 \$633,571.

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

**Amanda-Clearcreek Local School District
Fairfield County
Notes to the General Purpose Financial Statements
June 30, 2002**

Note 1. Summary of Significant Accounting Policies (continued)

F. Taxes Receivable

The financial statements reflect taxes receivable as of June 30, 2002. 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 is not due at June 30, 2002 and accordingly has been recorded as deferred revenue in the accompanying financial statements. Taxes that become delinquent remain recorded as a receivable, deferred, 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.

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.

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.

**Amanda-Clearcreek Local School District
Fairfield County
Notes to the General Purpose Financial Statements
June 30, 2002**

Note 1. Summary of Significant Accounting Policies (continued)

I. Intergovernmental Revenues

Intergovernmental revenues such as property taxes, grants, entitlements and donations are recognized in the fiscal year in which the all eligibility requirements have been satisfied. Eligibility requirements include timing requirements which specify the year when the resources are required to be used or the fiscal year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specific purpose; and expenditure requirements, in which the resources are provided by the District on a reimbursement basis. On the modified basis these transactions must also be available before it can be recognized.

Property tax advances, grants and donations are considered measurable and available under the modified approach.

Property taxes for which there is an enforceable claim at June 30, 2002, but were levied to finance fiscal year 2003 operations, have been recorded as deferred revenue. Grants and entitlements received before eligibility requirements have been met are also recorded as deferred revenue. On the modified accrual basis, receivables that will not be collected within the available period have been reported as deferred revenue.

The measurement focus of governmental fund accounting is a decrease in net financial resources rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocation of cost, such as depreciation and amortization, are not recognized in the governmental funds.

The accrual basis of accounting is used for reporting purposes by the proprietary and nonexpendable trust fund. Revenues are recognized in the accounting period in which they are earned, and expenses are recognized at the time they are incurred.

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

Entitlements:

General Fund

State Foundation Program
School Bus Funding

Special Revenue Funds

Educational Management Information Systems

Capital Projects Funds

School Net Grant
Classroom Facilities

**Amanda-Clearcreek Local School District
Fairfield County
Notes to the General Purpose Financial Statements
June 30, 2002**

Note 1. Summary of Significant Accounting Policies (continued)

I. Intergovernmental Revenues (Continued)

Non-Reimbursable Grants:

Special Revenue Funds

- DPIA
- Data Communications
- Ohio Reads
- Title I
- Title VI
- Title VI-B
- Title VI-R
- Tech Prep
- Textbook Subsidy
- Professional Development
- Miscellaneous State and Federal Grants

Reimbursable Grants:

General Fund

- Vocational Education Reimbursement
- Tutor Reimbursement

Proprietary Funds

- National School Lunch Program
- Government Donated Commodities

Grants and entitlements amounted to approximately 74% of the District's governmental fund type operating revenue during the 2002 fiscal year.

J. 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, 2002, the District had \$7 in "Interfund Receivables/Payables" and \$68 in "Due to/from Other Funds."

K. 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

**Amanda-Clearcreek Local School District
Fairfield County
Notes to the General Purpose Financial Statements
June 30, 2002**

Note 1. Summary of Significant Accounting Policies (continued)

K. Compensated Absences (Continued)

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.

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.

L. 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.

M. 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.

N. Restricted Assets

Restricted assets in the general and the capital project funds represent cash and cash equivalents set aside to establish a budget stabilization reserve and retainage, respectively. A fund balance reserve in the general fund has been established for the budget stabilization reserve.

**Amanda-Clearcreek Local School District
Fairfield County
Notes to the General Purpose Financial Statements
June 30, 2002**

Note 1. Summary of Significant Accounting Policies (continued)

O. 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, budget reserve (stabilization) 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.

P. 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.

Q. Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported 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	\$141,775	(17,765)	54,526	(3,005,672)	\$1,141
Increase (Decrease):					
Due to Revenues:					
Net Adjustments to Revenue Accruals	(59,117)	(4,649)	(11,838)	24,151	(350)
Due to Expenditures:					
Net Adjustments to Expenditure Accruals	(17,113)	(28,355)	0	(15,579)	(54)
Due to Other Sources/Uses	(34,250)	0	0	0	0
Budget Basis	<u>\$31,295</u>	<u>(50,769)</u>	<u>42,688</u>	<u>(3,014,244)</u>	<u>\$845</u>

**Amanda-Clearcreek Local School District
Fairfield County
Notes to the General Purpose Financial Statements
June 30, 2002**

Note 3. Accountability and Compliance

Pursuant to Section 117.11(A) of the Revised Code, independent auditors performed tests of compliance with various provisions of local, state and/or federal laws, as appropriate.

Note 4. Cash and Investments

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.

Interim monies may be deposited or invested 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;

Amanda-Clearcreek Local School District
Fairfield County
Notes to the General Purpose Financial Statements
June 30, 2002

Note 4. Cash and Investments (continued)

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 and investments 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 \$10,254,016 and the bank balance was \$11,736,378. Of the bank balance:

1. \$400,000 was covered by Federal Depository Insurance Corporation (FDIC); and
2. \$11,336,378 was collateralized by the financial institution's public entity deposit pool. Although the securities serving as collateral were held by the pledging financial institution's trust department in the School District's name and all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the School District to a successful claim by the Federal Deposit Insurance Corporation.

Investments: The District's investments are required to be categorized to give an indication of the level of risk assumed by the District at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the District or its agent in the District's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the District's name. STAR Ohio investments are unclassified investments since they are not evidenced by securities that exist in physical or book entry form.

**Amanda-Clearcreek Local School District
Fairfield County
Notes to the General Purpose Financial Statements
June 30, 2002**

Note 4. Cash and Investments (Continued)

	Category			Reported	Fair
	1	2	3	Amount	Value
STAROhio				\$68,249	\$ 68,249

The classification of cash and cash equivalents, and investments 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*.

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

	Cash	Investments
GASB Statement No. 9	\$10,469,482	\$0
Investments:		
STAR Ohio	(68,249)	68,249
Cash with Fiscal Agent	(147,217)	
Total Cash and Cash Equivalents	<u>\$10,254,016</u>	<u>\$68,249</u>

Note 5. Property Tax

Property taxes are levied, assessed and collected on a calendar year basis. They include amounts levied against all real, public utility, and tangible personal property located in the District. Taxes collected on real property (other than public utility) in one calendar year are levied in the preceding calendar year on assessed values as of January 1 of that preceding year, the lien date. Assessed values are established by the Fairfield County Auditor at 35% of appraised market value. All property is required to be revalued every six years. The last revaluation for the District was completed in 2001, an update will be done in 2004. The next revaluation is scheduled for 2007. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31, (although the Fairfield County Auditor usually files for an extension in sending out tax bills so payment is then due by February 14th). If paid semi-annually, the first payment is usually due February 14, with the remainder payable June 20.

Taxes collected from tangible personal property (other than public utility) in one calendar year are levied in the prior calendar year on assessed values during and at the close of the most recent fiscal year of the taxpayer that ended on or before December 31 of that calendar year. Tangible personal property used in business (except for public utilities) is currently assessed for taxation purposes at 25% of its true value. Amounts paid by multi-county taxpayers may pay annually or semi-annually, the first payment is due April 30, with the remainder payable by September 28.

Public utility real and public utility personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Real property is assessed at 35% of market value and personal property is assessed at 100% of market value. Public utility property taxes are payable on the same dates as

**Amanda-Clearcreek Local School District
Fairfield County
Notes to the General Purpose Financial Statements
June 30, 2002**

Note 5. Property Tax (Continued)

real property taxes described previously.

The Fairfield County Treasurer collects property tax on behalf of the District. The Fairfield County Auditor remits the collected taxes to the District. Tax settlements are made each March and August for real property taxes and each June and October for personal property.

Taxes available for advance and recognized as revenue, but not received by the District prior to June 30, are reflected as a reservation of fund balance. The District is prohibited by law from appropriating the property taxes recognized as revenue in accordance with Ohio Revised Code Section 5705.35 since an advance of tax revenue was not received by the end of the fiscal year.

The full tax rate at the fiscal year ended June 30, 2002 for operations was \$30.30 per \$1,000 of assessed valuation and \$3.00 per \$1,000 of assessed valuation for permanent improvements. The assessed values of real and tangible personal property on which the fiscal year 2002 taxes were collected were as follows:

Real Property-Commercial/Industrial	\$4,918,080
Real Property-Residential/Agricultural	96,249,640
Real Property-Minerals	6,120
Personal Property-General	2,926,010
Personal Property-Public Utilities	4,136,040
Total Assessed Value	\$108,235,890

Note 6. Receivables

Receivables at June 30, 2002 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:

Special Revenue Fund:	
Drug Free Grant	\$4,320
Total Special Revenue Fund	\$4,320
Enterprise Fund:	
Food Service Fund	12,433
Total Enterprise Fund	\$12,433
Grand Total	\$16,753

**Amanda-Clearcreek Local School District
Fairfield County
Notes to the General Purpose Financial Statements
June 30, 2002**

Note 7. Fixed Assets

The following is a summary of the proprietary funds property, plant and equipment at June 30, 2002:

Furniture and Equipment	\$167,710
Less: Accumulated Depreciation	<u>(91,154)</u>
Net Fixed Assets	<u><u>\$76,556</u></u>

The following is a summary of changes in the General Fixed Assets Account Group during the fiscal year 2002:

	General Fixed Assets June 30, 2001	Additions	Deletions	General Fixed Assets June 30, 2002
Land and Improvements	\$752,246	0	0	\$752,246
Buildings	2,740,473	0	0	2,740,473
Construction in Progress	1,706,422	10,078,730	0	11,785,152
Furniture and Equipment	2,606,706	212,572	123,505	2,695,773
Vehicles	1,277,551	251,099	207,480	1,321,170
Total General Fixed Assets	<u><u>\$9,083,398</u></u>	<u><u>10,542,401</u></u>	<u><u>330,985</u></u>	<u><u>\$19,294,814</u></u>

Note 8. 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.

**Amanda-Clearcreek Local School District
Fairfield County
Notes to the General Purpose Financial Statements
June 30, 2002**

Note 8. Defined Benefit Pension Plans (continued)

A. School Employees Retirement System (continued)

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 2002 (the latest information available), 5.46 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, 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, 2002, 2001, and 2000 were \$189,168, \$175,752 and \$160,176, respectively; 46.02 percent has been contributed for fiscal year 2002 and 100 percent for fiscal years 2001 and 2000. \$110,953 representing the unpaid contribution for fiscal year 2002, 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.

For the fiscal year ended June 30, 2002, plan members are required to contribute 9.3 percent of their annual covered salaries. The District is required to contribute 14 percent; 9.5 percent was the portion used to fund pension obligations. For fiscal year 2002 (the latest information available), 9.5 percent was used to fund pension obligations. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2002, 2001, and 2000 were \$680,640, \$605,736 and \$563,040, respectively; 83.33 percent has been contributed for fiscal year 2002, and 100 percent for fiscal years 2001 and 2000. \$113,440 representing the unpaid contribution for fiscal year 2002, is recorded as a liability within the respective funds.

**Amanda-Clearcreek Local School District
Fairfield County
Notes to the General Purpose Financial Statements
June 30, 2002**

Note 9. 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. For the fiscal year ended June 30, 2001 (the latest information available), the STRS Board allocated employer contributions equal to 4.5 percent of covered payroll to the Health Care Reserve Fund, a decrease of 3.5 percent for fiscal year 2001. For the District, this amount equaled \$218,777 for fiscal year 2002.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 2001, (the latest information available) the balance in the Fund was \$3.256 billion. For the year ended June 30, 2001, net health care costs paid by STRS were \$300,772,000 and STRS had 102,132 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, 2001 (the latest information available), employer contributions to fund health care benefits were 9.8 percent of covered payroll, an increase of 1.3 percent for fiscal year 2001. 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 2002, the minimum pay has been established at \$12,400. For the District, the amount to fund health care benefits, including surcharge, during the 2002 fiscal year equaled \$148,787.

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, 2001, (the latest information available), were \$161,439,934 and the target level was \$242.2 million. At June 30, 2001, SERS had net assets available for payment of health care benefits of \$315.7 million. SERS has approximately 50,000 participants receiving health care benefits.

**Amanda-Clearcreek Local School District
Fairfield County
Notes to the General Purpose Financial Statements
June 30, 2002**

Note 10. 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:

<u>Years Service</u>	<u>Vacation Days</u>
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 11. 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.

The District maintains replacement cost insurance on buildings and contents in the amount of \$21,556,901.

**Amanda-Clearcreek Local School District
Fairfield County
Notes to the General Purpose Financial Statements
June 30, 2002**

Note 11. Risk Management (continued)

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 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. Liabilities for incurred losses to be settled by fixed or reasonably determinable payments over a long

**Amanda-Clearcreek Local School District
Fairfield County
Notes to the General Purpose Financial Statements
June 30, 2002**

Note 11. Risk Management (continued)

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 \$207,392 at June 30, 2002. A summary of changes in self-insurance claims for the year ended June 30, 2002 follows:

	FY 2002	FY2001
Claim Liabilities at July 1	\$171,576	\$173,234
Claims Paid	659,834	652,560
Incurred Claims	(800,882)	(654,218)
Claim Liabilities at June 30	\$30,528	\$171,576

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.

Note 12. Notes and Long-Term Debt

A summary of changes in long-term obligations for the year ended June 30, 2002, are as follows:

	Balance			Balance
	July 1, 2001	Additions	Deletions	June 30,2002
Intergovernmental Payable	\$67,248	71,423	67,248	\$71,423
General Obligation Bonds Payable	4,365,000	0	100,000	4,265,000
Lease Obligations Payable	124,800	0	4,271	120,529
Compensated Absences Payable	577,784	13,246	0	591,030
	\$5,134,832	84,669	171,519	\$5,047,982

**Amanda-Clearcreek Local School District
Fairfield County
Notes to the General Purpose Financial Statements
June 30, 2002**

Note 12. Notes and 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, 2002, and related interest payments are as follows:

Fiscal Year	Principal	Interest	Payment
2003	\$105,000	\$238,709	\$343,709
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
2008-2012	805,000	866,829	1,671,829
2013-2017	1,070,000	702,400	1,772,400
2018-2022	1,890,000	371,010	2,261,010-
Total	\$4,265,000	\$3,082,228	\$7,347,228

**Amanda-Clearcreek Local School District
Fairfield County
Notes to the General Purpose Financial Statements
June 30, 2002**

Note 12. Notes and Long-Term Debt (continued)

Lease Obligations:

The District is making installment payments on computers and copy machines. The obligation has an outstanding balance of \$120,529 at June 30, 2002.

Beginning Balance	\$124,800
Decrease	<u>(4,271)</u>
Ending Balance	<u><u>\$120,529</u></u>

	Principal	Interest	Payment
FY 2003	\$95,096	14,195	\$109,291
FY 2004	<u>25,434</u>	<u>2,543</u>	<u>27,977</u>
	<u><u>\$120,529</u></u>	<u><u>16,738</u></u>	<u><u>\$137,267</u></u>

Note 13. Interfund Transactions

At June 30, 2002, the District had short-term interfund loans which are classified as "interfund receivables/payables." An analysis of interfund balances is as follows:

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

Note 14. 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.

**Amanda-Clearcreek Local School District
Fairfield County
Notes to the General Purpose Financial Statements
June 30, 2002**

Note 14. Jointly Governed Organizations (Continued)

Ross County School Employees Insurance Consortium - The School District is a member of the Ross County School Employees Insurance Consortium (the "Consortium"), a claims servicing pool consisting of sixteen school districts within Ross County and its surrounding area. Medical/surgical and dental insurance is administered through a third party administrator, Professional Risk Management Company. The Consortium's business and affairs are managed by a Council consisting of one representative for each participating school. The participating school districts pay an administrative fee to the fiscal agent to cover the costs of administering the Consortium. To obtain financial information, write to the Westfall Local School District, Scott Glandon, who serves as Treasurer, at 19463 Pherson Pike, Williamsport, Ohio 43164.

The District withdrew from the Consortium on December 31, 2001.

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 15. 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, 2002.

B. Litigation

The District is not a party to any legal proceedings seeking damages or injunctive relief generally incidental to its operations and pending at June 30, 2002.

**Amanda-Clearcreek Local School District
Fairfield County
Notes to the General Purpose Financial Statements
June 30, 2002**

Note 16. School Funding Decision

On September 6, 2001, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision identified aspects of the current plan that require modification if the plan is to be considered constitutional, including:

- ▶ A change in the school districts that are used as the basis for determining the base cost support amount. Any change in the amount of funds distributed to school districts as a result of this change must be retroactive to July 1, 2001, although a time line for distribution is not specified.
- ▶ Fully funding parity aid no later than the beginning of fiscal year 2004 rather than fiscal year 2006.

The Supreme Court relinquished jurisdiction over the case based on anticipated compliance with its order.

The State of Ohio, in a motion filed September 17, 2001, asked the Court to reconsider and clarify the parts of the decision changing the school districts that are used as the basis for determining the base cost support amount and the requirement that changes be made retroactive to July 1, 2001. In November, 2001, the Court granted the request for reconsideration, but also ordered the parties to participate in a settlement conference with a court appointed mediator. On March 21, 2002, the mediator issued his final report indicating that the conference was unable to produce a settlement. The case is now under reconsideration by the Court.

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 17. 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, 2002, the reserve activity was as follows:

**Amanda-Clearcreek Local School District
Fairfield County
Notes to the General Purpose Financial Statements
June 30, 2002**

Note 17. Statutory Reserves (Continued)

	Textbook Acquisition	Capital Acquisition	Budget Stabilization	Total
Set aside Cash Balance as of June 30, 2001	\$ 0	0	170,191	\$ 170,191
Current Year Set-Aside Requirement	180,994	180,994	0	361,988
Current Year Offsets	0	0	0	0
Qualifying Disbursements	(392,435)	(519,586)	0	(912,021)
Total	<u>(211,441)</u>	<u>(338,592)</u>	<u>170,191</u>	<u>(379,842)</u>
Cash Balance Carried Forward to FY2003	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 170,191</u>	
Amount Restricted for Budget Stabilization				<u>\$ 170,191</u>
Total Restricted Assets				<u>\$ 170,191</u>

The District had offsets and 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.

Note 18. Fund Deficits

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

Ohio Reads Grant	\$(122)
STS Incentive Grant	\$(6,183)
Title I	\$(9,812)
Title VI	\$(7)
Title VI-R	\$(5,368)

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 RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2002

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<u>U.S. DEPARTMENT OF AGRICULTURE</u>						
<i>Passed Through Ohio Department of Education:</i>						
Nutrition Cluster:						
Food Distribution Program		10.550	\$0	\$23,655	\$0	\$20,841
National School Lunch Program	04-LLP1-01/02	10.555	<u>92,880</u>		<u>92,880</u>	
Total U.S. Department of Agriculture			<u>92,880</u>	<u>23,655</u>	<u>92,880</u>	<u>20,841</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>						
<i>Passed Through Ohio Department of Education:</i>						
Grants to Local Educational Agencies (ESEA Title I)	04-C1S1-2002	84.010	124,711		156,718	
Special Education Grants to States (IDEA Part B)	04-6BSF-2002-P	84.027	106,121		106,121	
Drug-Free Schools Grant	04-DRS1-2002	84.186	6,116		6,425	
Technogly Preparation		84.243	0		177	
Eisenhower Math and Science Grant	MSS1-2002	84.281	8,029		10,581	
Innovative Educational Program Strategies	C2S1-2002	84.298	8,060		9,037	
I Title VIR	CRS1-2002	84.340	29,074		39,322	
Total U.S. Department of Education			<u>282,111</u>		<u>328,381</u>	
Total Federal Awards			<u>\$374,991</u>	<u>\$23,655</u>	<u>\$421,261</u>	<u>\$20,841</u>

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

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

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2002**

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 - FOOD DISTRIBUTION

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2002, the District had no significant food commodities in inventory.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

35 North Fourth Street
Columbus, Ohio 43215
Telephone 614-466-3402
800-443-9275
Facsimile 614-728-7199
www.auditor.state.oh.us

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

Amanda-Clearcreek Local School District
Fairfield County
414 N. School 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, 2002, and have issued our report thereon dated November 18, 2002. 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*.

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 control 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 November 18, 2002.

This report is intended for the information and use of the audit committee, management, 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, appearing to read "Jim Petro". The signature is stylized with a large, looping initial "J" and a long horizontal stroke extending to the right.

JIM PETRO
Auditor of State

November 18, 2002



STATE OF OHIO
OFFICE OF THE AUDITOR

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Columbus, Ohio 43215
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www.auditor.state.oh.us

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

Board of Education
Amanda-Clearcreek Local School District
Fairfield County
414 N. School Street
Amanda, Ohio 43102

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, 2002. 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 a major federal program. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the Amanda-Clearcreek Local School District, Fairfield County, Ohio, 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, 2002.

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 a 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.

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 a 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 the audit committee, management, 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, appearing to read "Jim Petro", with a large, stylized loop at the end.

JIM PETRO
Auditor of State

November 18, 2002

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

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
JUNE 30, 2002**

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?	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 noncompliance at the financial statement level?	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 Program:	Title I, CFDA # 84.010
(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 RELATED AND QUESTIONED COSTS FOR FEDERAL AWARDS

None



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

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 4, 2003**