

AMANDA-CLEARCREEK LOCAL SCHOOL DISTRICT
ANNUAL REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2007

Wolfe, Wilson, & Phillips, Inc.
37 South Seventh Street
Zanesville, Ohio 43701



Mary Taylor, CPA
Auditor of State

Board of Education
Amanda-Clearcreek Local School District
328 East Main Street
Amanda, Ohio 43102

We have reviewed the *Independent Auditors' Report* of the Amanda-Clearcreek Local School District, Fairfield County, prepared by Wolfe, Wilson & Phillips, Inc., for the audit period July 1, 2006 through June 30, 2007. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

January 18, 2008

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

TABLE OF CONTENTS

<u>Title</u>	<u>Page</u>
Independent Auditors' Report.....	1
Management Discussion and Analysis.....	2
Government-wide Financial Statements:	
Statement of Nets Assets.....	13
Statement of Activities.....	14
Fund Financial Statements:	
Governmental Funds	
Balance Sheet.....	15
Reconciliation of Total Government Fund Balances to Net Assets of Governmental Activities.....	16
Statement of Revenues, Expenditures and Changes in Fund Balances.....	17
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities.....	18
Statement of Revenues, Expenditures and Changes in Fund Balances- Budget and Actual (Non-GAAP Budgetary Basis) - General Fund.....	19
Proprietary Funds	
Statement of Net Assets.....	20
Statement of Revenues, Expenses and Changes in Fund Net Assets.....	21
Statement of Cash Flows.....	22
Fiduciary Funds	
Statement of Fiduciary Net Assets.....	23
Statement of Changes in Fiduciary Net Assets.....	24
Notes to the Financial Statements.....	25
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required By Government Auditing Standards.....	48
Independents Auditors' Report on Compliance with Requirements Applicable to each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133.....	50
Schedule of Findings and Questioned Costs.....	52
Schedule of Federal Awards.....	53
Notes to Schedule of Federal Awards.....	54

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**WOLFE, WILSON, & PHILLIPS, INC.
37 SOUTH SEVENTH STREET
ZANESVILLE, OHIO 43701**

INDEPENDENT AUDITORS' REPORT

Board of Education
Amanda-Clearcreek Local School District
Amanda, Ohio 43102

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Amanda-Clearcreek Local School District, Fairfield County as of and for the year ended June 30, 2007, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States 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, if any, 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 financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the Amanda-Clearcreek Local School District as of June 30, 2007, and the respective changes in financial position, and the respective budgetary comparison for the General Fund 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 a report dated December 13, 2007, on our consideration of Amanda-Clearcreek Local School District's internal control over financial reporting and our tests of its compliance with laws, regulations, contracts and grants. That report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. It does not opine on the internal control over financial reporting or on compliance. That report is an integral part of an audit in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information the Government Accounting Standards Board requires. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. However, we did not audit the information and express no opinion on it.

We conducted our audit to opine of the financial statements that collectively comprise the District's basic financial statements. The accompanying schedule of expenditures of federal awards expenditures present additional information and is required by U. S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. It is not a required part of the basic financial statements. We subjected the federal awards expenditure schedule to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Wolfe, Wilson, & Phillips, Inc.
Zanesville, Ohio
December 13, 2007

AMANDA-CLEARCREEK LOCAL SCHOOL DISTRICT

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2007
(Unaudited)*

The discussion and analysis of the Amanda-Clearcreek Local School District's financial performance provides an overview and analysis of the District's financial activities for the fiscal year ended June 30, 2007. The intent of this discussion and analysis is to look at the District's financial performance as a whole. Readers should also review our notes to the basic financial statements and the financial statements themselves to enhance their understanding of the District's financial performance.

The Management's Discussion and Analysis (MD&A) is an element of the new reporting model adopted by the Governmental Accounting Standard Board (GASB) in their Statements No. 34 "Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments" issued in June 1999. Certain comparative information between the current year and the prior year is required to be presented in the MD&A.

Financial Highlights

- ▶ The assets of Amanda-Clearcreek Local School District exceeded its liabilities at June 30, 2007 by \$32,531,723. This balance was comprised of a \$31,996,168 balance in capital assets net of related debt and net asset amounts restricted for specific purposes and a balance of \$535,555 in unrestricted net assets.
- ▶ In total, net assets of governmental activities decreased by \$1,152,918, which represents a 3.4 percent decrease from 2006.
- ▶ General revenues accounted for \$11,864,986 or 79.9 percent of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$2,987,152 or 20.1 percent of total revenues of \$14,852,138.
- ▶ The District had \$16,005,056 in expenses related to governmental activities; only \$2,987,152 of these expenses was offset by program specific charges for services and sales, grants or contributions. General revenues (primarily taxes and grants and entitlements) of \$11,864,986 and net assets carried over from the prior year were used to provide for the remainder of these programs.
- ▶ The District recognizes two major governmental funds: the General and Bond Retirement Funds. In terms of dollars received and spent, the General Fund is significantly larger than all the other funds of the District combined. The General Fund had \$12,884,453 in revenues and \$13,152,429 in expenditures in fiscal year 2007.

Using this Annual Report

This annual report consists of a series of financial statements and notes to those statements. These statements are presented following the requirements of GASB Statement No. 34, and are organized so the reader can understand Amanda-Clearcreek Local School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: the government-wide financial statements, fund financial statements and notes to the basic financial statements.

AMANDA-CLEARCREEK LOCAL SCHOOL DISTRICT

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2007
(Unaudited)*

Reporting the District as a Whole

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to private-sector business. The statement of net assets and statement of activities provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. These statements include all assets and liabilities using the accrual basis of accounting which is similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

The statement of net assets presents information on all of the District's assets and liabilities, with the difference between the two reported as net assets. Over time, increases and decreases in net assets are important because they serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating. The cause of this change may be the result of several factors, some financial and some not. Nonfinancial factors include the District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required but unfunded educational programs, and other factors. Ultimately, the District's goal is to provide services to our students, not to generate profits as commercial entities do.

The statement of activities presents information showing how the government's net assets changed during the recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some item that will only result in cash flows in future fiscal periods (e.g. uncollected taxes and earned but unused vacation leave).

In both of the government-wide financial statements, the District activities are shown as governmental activities. All of the District's programs and services are reported here including instructional services, support services and operation of non-instructional services. These services are funded primarily by taxes, tuition and fees, and intergovernmental revenues including federal and state grants and other shared revenues.

Reporting the District's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's two major governmental funds are the General and Bond Retirement Funds.

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objective. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into one of three categories: governmental, proprietary and fiduciary funds.

AMANDA-CLEARCREEK LOCAL SCHOOL DISTRICT

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2007
(Unaudited)*

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on current inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term requirements. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash.

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Proprietary Fund

The District's only proprietary fund is an internal service fund. Since the internal service fund operates on a break-even, cost-reimbursement basis, the District reports it as a proprietary fund using the accrual basis of accounting. The internal service fund is included with governmental activities on the government-wide financial statements.

Fiduciary Funds

The District's fiduciary funds include a private purpose trust fund and an agency fund. We exclude these activities from the District's other financial statements because the District cannot use these assets to finance its operations. Private purpose trust funds are held in a trustee capacity for individuals, private organizations, or other governments. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Fiduciary funds use the accrual basis of accounting.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

AMANDA-CLEARCREEK LOCAL SCHOOL DISTRICT

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2007
(Unaudited)*

Government-Wide Financial Analysis

Recall that the statement of net assets provides the perspective of the District as a whole, showing assets, liabilities, and the difference between them (net assets). Table 1 provides a summary of the District's net assets for 2007 compared to fiscal year 2006:

Table 1
Net Assets

	<u>Governmental Activities</u>	
	<u>2007</u>	<u>2006</u>
<u>Assets:</u>		
Current and Other Assets	\$7,014,187	\$7,500,590
Capital Assets, Net	34,039,289	34,959,778
<i>Total Assets</i>	<u>41,053,476</u>	<u>42,460,368</u>
<u>Liabilities:</u>		
Long-Term Liabilities	4,330,780	4,534,908
Other Liabilities	4,190,973	4,240,819
<i>Total Liabilities</i>	<u>8,521,753</u>	<u>8,775,727</u>
<u>Net Assets:</u>		
Invested in Capital Assets, Net of Related Debt	30,409,289	31,173,437
Restricted	1,586,879	1,697,823
Unrestricted	535,555	813,381
<i>Total Net Assets</i>	<u>\$32,531,723</u>	<u>\$33,684,641</u>

Current and other assets decreased \$486,403 from fiscal year 2006 due to a decrease in cash and cash equivalents held by the District.

Capital assets decreased \$920,489, which is due to depreciation that exceeded capital asset additions.

Current (other) liabilities decreased \$49,846 or 1.18 percent.

Long-term liabilities decreased by \$204,128 due to the retirement of principal on general obligation debt and capital leases.

AMANDA-CLEARCREEK LOCAL SCHOOL DISTRICT

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2007
(Unaudited)*

The District's largest portion of net assets is related to amounts invested in capital assets, net of related debt. The District used these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to pay these liabilities.

The District's smallest portion of net assets is unrestricted. These net assets represent resources that may be used to meet the District's ongoing obligations to its students and creditors.

The remaining balance of \$1,586,879 is restricted assets. The restricted net assets are subject to external restrictions on how they may be used.

Table 2 shows the changes in net assets for fiscal year 2007 and provides a comparison to fiscal year 2006.

Table 2
Changes in Net Assets

	Governmental Activities 2007	Governmental Activities 2006
<u>Revenues:</u>		
<i>Program Revenues:</i>		
Charges for Services and Sales	\$850,945	\$757,786
Operating Grants and Contributions	2,130,207	2,060,598
Capital Grants and Contributions	6,000	22,152
<i>General Revenues:</i>		
Property Taxes	2,818,962	2,834,652
Unrestricted Grants and Entitlements	8,276,467	8,107,894
Gain on Sale of Capital Assets	301	9,256
Investment Earnings	172,105	110,966
Miscellaneous	597,151	293,538
<i>Total Revenues</i>	<u>14,852,138</u>	<u>14,196,842</u>

(Continued)

AMANDA-CLEARCREEK LOCAL SCHOOL DISTRICT

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2007
(Unaudited)*

Table 2
Changes in Net Assets

	<u>2007</u>	<u>2006</u>
<u>Expenses:</u>		
<i>Program Expenses:</i>		
<i>Instruction:</i>		
Regular	7,683,755	8,075,158
Special	1,754,505	1,701,980
Vocational	491,940	476,852
Other	83,002	68,705
<i>Support Services:</i>		
Pupils	478,891	443,223
Instructional Staff	406,180	267,889
Board of Education	96,801	120,495
Administration	1,204,516	1,019,108
Fiscal	359,345	348,445
Business	40,495	41,164
Operation and Maintenance of Plant	1,406,559	1,237,972
Pupil Transportation	666,850	788,885
Central	9,021	4,271
<i>Operation of Non-Instructional Services:</i>		
Food Service	678,784	613,840
Extracurricular Activities	430,832	434,233
Interest and Fiscal Charges	213,580	229,157
<i>Total Expenses</i>	<u>16,005,056</u>	<u>15,871,377</u>
<i>Change in Net Assets</i>	(1,152,918)	(1,674,535)
Net Assets – Beginning of Year	<u>33,684,641</u>	<u>35,359,176</u>
Net Assets – End of Year	<u>\$32,531,723</u>	<u>\$33,684,641</u>

AMANDA-CLEARCREEK LOCAL SCHOOL DISTRICT

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2007
(Unaudited)*

The most significant program expenses for the District are Regular Instruction, Special Instruction, Operation and Maintenance of Plant, and Administration. These programs account for 75.3 percent of the total governmental activities. Regular Instruction, which accounts for 48.0 percent of the total, represents costs associated with providing general educational services. Special Instruction, which represents 11.0 percent of the total, represents costs associated with providing educational services for handicapped, disadvantaged and other special needs students. Operation and Maintenance of Plant, which represents 8.8 percent of the total, represents costs associated with operating and maintaining the District's facilities. Administration, which represents 7.5 percent of the total, represents costs associated with the overall administrative responsibility for each building and the District as a whole.

The majority of the funding for the most significant programs indicated above is from property taxes and grants and entitlements not restricted for specific programs. Property taxes and grants and entitlements not restricted for specific programs accounts for 74.7 percent of total revenues for governmental activities.

Revenues increased \$655,296 or 4.6 percent from the prior year, which is mostly due to the \$222,030 increase in Grants and Contributions and the \$303,613 increase in miscellaneous revenue.

The District's expenses increased \$133,679 or 0.8 percent, which is mostly due to conservative spending.

Governmental Activities

Over the past several fiscal years, the District has remained in stable financial condition. This has been accomplished through strong voter support and good fiscal management. The District is heavily dependent on property taxes and intergovernmental revenue and, like most Ohio schools, is hampered by a lack of revenue growth. Property taxes made up 18.9 percent and intergovernmental revenue made up 70.1 percent of the total revenue for the governmental activities in fiscal year 2007.

The Ohio Legislature passed H.B. 920 (1976) and changed the way property taxes function in the State. The overall revenue generated by a levy will not increase solely as a result of inflation. As an example, the District would receive from a home valued at \$100,000 and taxed at 1.0 mill, \$35.00 annually. If three years later the home were reappraised and the value increased to \$200,000 (and this increase in value is comparable to other property owners) the effective tax rate would become 0.5 mill and the District would still receive \$35.00 annually. Therefore, the District must regularly return to the voters to maintain a constant level of service.

The District's intergovernmental revenue consists of school foundation basic allowance, homestead and rollback property tax allocation, and federal and state grants. During fiscal year 2007, the District received \$8,900,023 through the State's foundation program, which represents 59.9 percent of the total revenue for the governmental activities. The District relies heavily on this state funding to operate at the current levels of service.

Instruction accounts for 62.6 percent of governmental activity program expenses. Support services expenses make up 29.2 percent of governmental activities program expenses. The statement of activities shows the cost of program services and charges for services and grants offsetting those services.

AMANDA-CLEARCREEK LOCAL SCHOOL DISTRICT

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2007
(Unaudited)*

Table 3 shows, for governmental activities, the total cost of services and the net cost of services for fiscal year 2007 compared with fiscal year 2006. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

Table 3
Net Cost of Governmental Activities

	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2007	2007	2006	2006
<i>Program Expenses:</i>				
Instruction	\$10,013,202	\$8,464,252	\$10,322,695	\$8,850,733
Support Services	4,668,658	4,056,600	4,271,452	3,644,586
Operation of Non-Instructional Services	678,784	(7,420)	613,840	(7,781)
Extracurricular Activities	430,832	290,892	434,233	314,146
Interest and Fiscal Charges	213,580	213,580	229,157	229,157
Total Expenses	<u>\$16,005,056</u>	<u>\$13,017,904</u>	<u>\$15,871,377</u>	<u>\$13,030,841</u>

The District's Funds

The District's governmental funds are accounted for using the modified accrual basis of accounting. (See Note 2 for discussion of significant accounting policies and procedures). All governmental funds had total revenues and other financing sources of \$14,863,463 and expenditures of \$15,164,117.

Total governmental funds fund balance decreased by \$300,654. The decrease in fund balance for the year was most significant in the General Fund, which had a decrease of \$267,675.

The District should remain stable in fiscal years 2008 and 2009. However, projections beyond fiscal year 2009 show the District may be unable to meet inflationary cost increases in the long-term without additional tax levies or a meaningful change in state funding of public schools as directed by the Ohio Supreme Court.

Budget Highlights - General Fund

The District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a cash basis for receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During the course of fiscal year 2007, the District amended its General Fund budget several times. The District uses a modified site-based budget technique that is designed to control site budgets while providing building administrators and supervisors' flexibility for site management.

AMANDA-CLEARCREEK LOCAL SCHOOL DISTRICT

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2007
(Unaudited)*

The District prepares and monitors a detailed cashflow plan for the General Fund. Actual cashflow is compared to monthly and year-to-date estimates, and a monthly report is prepared for top management and the Board of Education.

For the General Fund, the final budget basis revenue was \$12,816,336 representing a \$725,036 increase from the original budget estimates of \$12,091,300. The final budget reflected a 5.9 percent increase from the original budgeted amount. For the General Fund, the final budget basis expenditures were \$13,347,404 representing a \$270,478 increase from the original budget estimates of \$13,076,926. The final budget basis expenditures reflect a 2.0 percent increase from the original budgeted amount.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2007, the District had \$40.3 million invested in capital assets, of which all was in governmental activities. That total carries an accumulated depreciation of \$6.3 million. Table 4 shows fiscal year 2007 balances compared to fiscal year 2006.

Table 4
Capital Assets & Accumulated Depreciation at June 30, 2007

	<u>Governmental Activities</u>	
	<u>2007</u>	<u>2006</u>
<i>Nondepreciable Capital Assets:</i>		
Land	\$306,573	\$306,573
<i>Depreciable Capital Assets:</i>		
Land Improvements	2,707,262	2,646,939
Buildings and Improvements	34,157,281	34,157,281
Furniture, Fixtures and Equipment	828,756	817,485
Vehicles	1,532,151	1,326,870
Textbooks	767,734	651,909
<i>Total Capital Assets</i>	<u>40,299,757</u>	<u>39,907,057</u>
<i>Less Accumulated Depreciation:</i>		
Land Improvements	593,539	467,150
Buildings and Improvements	4,034,177	2,962,704
Furniture, Fixtures and Equipment	272,431	203,183
Vehicles	889,671	914,053
Textbooks	470,650	400,189
<i>Total Accumulated Depreciation</i>	<u>6,260,468</u>	<u>4,947,279</u>
<i>Capital Assets, Net</i>	<u>\$34,039,289</u>	<u>\$34,959,778</u>

AMANDA-CLEARCREEK LOCAL SCHOOL DISTRICT

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2007
(Unaudited)*

More detailed information pertaining to the District's capital asset activity can be found in the notes to the basic financial statements.

Debt Administration

At June 30, 2007, the District had \$3,630,000 in general obligation debt outstanding with \$145,000 due within one year. Table 5 summarizes the general obligation bonds outstanding for fiscal year 2007 compared to fiscal year 2006.

Table 5
Outstanding Debt, Governmental Activities at Year End

Purpose	2007	2006
General Obligation Bonds	\$3,630,000	\$3,780,000

More detailed information pertaining to the District's long-term debt activity can be found in the notes to the basic financial statements.

Current Issues

Although considered a mid-wealth district, Amanda-Clearcreek Local School District is financially stable, and has been over the past several years. As indicated in the preceding financial information, the District is dependent on property taxes. Property tax revenue does not increase solely as a result of inflation. Therefore, in the long-term, the current program and staffing levels will be dependent on increased funding to meet inflation. Careful financial planning has permitted the District to provide a quality education for our students.

The Ohio Supreme Court issued its fourth split decision regarding the State's school funding plan. The majority opinion identified aspects of the current plan that require modification if the plan is to be considered constitutional. However, the Court has in effect decided that they have, barring another lawsuit, completed their responsibility in the case. Ending the high court's involvement has left Ohio with a school funding system that has been determined to be unconstitutional but failed to provide the framework to fix it. At this time there can be no reasonable estimate of the impact on school funding.

The State Legislature has also made several significant changes impacting local taxes:

In 2003, the Ohio Legislature modified the provisions of the 1999 HB283. This bill was designed to reduce the assessed valuation of the inventory component of personal property tax from 25 percent to 0 percent by 2041. The modification speeds up the reduction of assessed valuation to be completed in half the original time.

AMANDA-CLEARCREEK LOCAL SCHOOL DISTRICT

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2007
(Unaudited)*

Effective May 1, 2001 a kilowatt hour (KWH) tax began being collected. 37.8 percent of these new dollars would be deposited in a new Property Tax Replacement Fund (PTRF). 70 percent of the PTRF will be paid to school districts that lost revenue as determined by the Ohio Department of Taxation. First, distribution will be made to cover costs of fixed sum levies such as debt issues and emergency levies. Next, fixed rate levies would be replaced through 2007; after this a phase out formula would begin.

The Amanda-Clearcreek Local School District does not anticipate any meaningful growth or loss in revenue as a result of these changes. Based on these factors, the Board of Education and the administration of the District must maintain careful financial planning and prudent fiscal management in order to preserve the financial stability of the District.

Residential growth has not eluded the District over the past few years. Increasing numbers of housing developments are being approved by the townships. The new developments are attracting young families to the area as evidenced by the residential permits issued in the townships. Residential/agricultural property contributes 95 percent of the District's real estate valuation.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it received. If you have any questions about this report or need additional information contact Jennifer Smith, Treasurer of Amanda-Clearcreek Local School Board of Education, 328 East Main Street, Amanda, Ohio 43102.

AMANDA-CLEARCREEK LOCAL SCHOOL DISTRICT

Statement of Net Assets

June 30, 2007

	Primary Government	Component Unit
	Governmental Activities	Community School
<u>Assets:</u>		
Equity in Pooled Cash and Cash Equivalents	\$3,777,534	\$301,655
Property Taxes Receivable	2,984,449	0
Accounts Receivable	2,880	0
Intergovernmental Receivable	198,766	0
Accrued Interest Receivable	44,624	0
Inventory Held for Resale	5,934	0
Nondepreciable Capital Assets	306,573	0
Depreciable Capital Assets, Net	33,732,716	155,356
<i>Total Assets</i>	<u>41,053,476</u>	<u>457,011</u>
<u>Liabilities:</u>		
Accounts Payable	71,190	0
Accrued Wages and Benefits	1,259,366	4,834
Intergovernmental Payable	340,386	137,988
Accrued Interest Payable	15,718	0
Deferred Revenue	2,371,620	0
Matured Compensated Absences Payable	132,693	0
<i>Long-Term Liabilities:</i>		
Due within One Year	200,371	0
Due in More Than One Year	4,130,409	0
<i>Total Liabilities</i>	<u>8,521,753</u>	<u>142,822</u>
<u>Net Assets:</u>		
Invested in Capital Assets, Net of Related Debt	30,409,289	155,356
<i>Restricted for:</i>		
Capital Outlay	776,716	0
Debt Service	496,752	0
Other Purposes	313,411	4,154
Unrestricted	535,555	154,679
<i>Total Net Assets</i>	<u><u>\$32,531,723</u></u>	<u><u>\$314,189</u></u>

See accompanying notes to the basic financial statements.

AMANDA-CLEARCREEK LOCAL SCHOOL DISTRICT

Statement of Activities

For the Fiscal Year Ended June 30, 2007

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Primary	Component
					Governmental	Unit
					Governmental	Community
					Activities	School
<u>Governmental Activities:</u>						
<i>Instruction:</i>						
Regular	\$7,683,755	\$302,504	\$71,432	\$0	(\$7,309,819)	\$0
Special	1,754,505	0	1,036,138	0	(718,367)	0
Vocational	491,940	0	138,876	0	(353,064)	0
Other	83,002	0	0	0	(83,002)	0
<i>Support Services:</i>						
Pupils	478,891	0	0	0	(478,891)	0
Instructional Staff	406,180	0	5,506	0	(400,674)	0
Board of Education	96,801	0	0	0	(96,801)	0
Administration	1,204,516	5,274	0	0	(1,199,242)	0
Fiscal	359,345	0	0	0	(359,345)	0
Business	40,495	0	0	0	(40,495)	0
Operation and Maintenance of Plant	1,406,559	0	0	6,000	(1,400,559)	0
Pupil Transportation	666,850	0	583,278	0	(83,572)	0
Central	9,021	0	12,000	0	2,979	0
<i>Operation of Non-Instructional Services:</i>						
Food Service	678,784	403,227	282,977	0	7,420	0
Extracurricular Activities	430,832	139,940	0	0	(290,892)	0
Interest and Fiscal Charges	213,580	0	0	0	(213,580)	0
Total Governmental Activities	\$16,005,056	\$850,945	\$2,130,207	\$6,000	(13,017,904)	0
<u>Component Unit</u>						
Community School	\$406,951	\$0	\$375,073	\$0		(31,878)
<u>General Revenues:</u>						
<i>Property Taxes Levied for:</i>						
General Purposes					2,430,564	0
Debt Service					342,537	0
Capital Outlay					45,861	0
Grants and Entitlements not Restricted to Specific Programs					8,276,467	160,000
Gain on Sale of Capital Assets					301	0
Investment Earnings					172,105	1,705
Miscellaneous					597,151	657
Total General Revenues					11,864,986	162,362
Change in Net Assets					(1,152,918)	130,484
<i>Net Assets at Beginning of Year</i>					<u>33,684,641</u>	<u>183,705</u>
<i>Net Assets at End of Year</i>					<u>\$32,531,723</u>	<u>\$314,189</u>

See accompanying notes to the basic financial statements.

AMANDA-CLEARCREEK LOCAL SCHOOL DISTRICT

*Balance Sheet
Governmental Funds
June 30, 2007*

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
<u>Assets:</u>				
Equity in Pooled Cash and Cash Equivalents	\$1,530,835	\$437,476	\$1,321,668	\$3,289,979
Property Taxes Receivable	2,577,123	359,208	48,118	2,984,449
Accounts Receivable	2,880	0	0	2,880
Intergovernmental Receivable	136,556	0	62,210	198,766
Accrued Interest Receivable	44,624	0	0	44,624
Interfund Receivable	7	0	0	7
Inventory Held for Resale	0	0	5,934	5,934
<i>Total Assets</i>	<u>\$4,292,025</u>	<u>\$796,684</u>	<u>\$1,437,930</u>	<u>\$6,526,639</u>
<u>Liabilities and Fund Balances:</u>				
<u>Liabilities:</u>				
Accounts Payable	66,658	0	4,532	71,190
Accrued Wages and Benefits	1,179,982	0	79,384	1,259,366
Intergovernmental Payable	317,667	0	22,719	340,386
Interfund Payable	0	0	7	7
Deferred Revenue	2,323,425	322,422	43,222	2,689,069
Matured Compensated Absences Payable	132,693	0	0	132,693
<i>Total Liabilities</i>	<u>4,020,425</u>	<u>322,422</u>	<u>149,864</u>	<u>4,492,711</u>
<u>Fund Balances:</u>				
Reserved for Encumbrances	43,102	0	180,390	223,492
Reserved for Property Taxes	253,698	36,786	4,896	295,380
<i>Unreserved, Undesignated, Reported in:</i>				
General Fund	(25,200)	0	0	(25,200)
Special Revenue Funds	0	0	490,174	490,174
Debt Service Fund	0	437,476	0	437,476
Capital Projects Funds	0	0	612,606	612,606
<i>Total Fund Balances</i>	<u>271,600</u>	<u>474,262</u>	<u>1,288,066</u>	<u>2,033,928</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$4,292,025</u>	<u>\$796,684</u>	<u>\$1,437,930</u>	<u>\$6,526,639</u>

See accompanying notes to the basic financial statements.

AMANDA-CLEARCREEK LOCAL SCHOOL DISTRICT
*Reconciliation of Total Governmental Fund Balances to
Net Assets of Governmental Activities
June 30, 2007*

Total Governmental Funds Balances		\$2,033,928
<i>Amounts reported for governmental activities in the statement of net assets are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		34,039,289
Some of the District's receivables will be collected after fiscal year-end, however are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds. These receivables consist of:		
Property taxes		317,449
Some liabilities are not due and payable in the current period and therefore are not reported in the funds. These liabilities consist of:		
General obligation bonds	(3,630,000)	
Accrued interest on bonds	(15,718)	
Compensated absences	<u>(700,780)</u>	
Total liabilities not reported in funds		(4,346,498)
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.		<u>487,555</u>
<i>Net Assets of Governmental Activities</i>		<u><u>\$32,531,723</u></u>

See accompanying notes to the basic financial statements.

AMANDA-CLEARCREEK LOCAL SCHOOL DISTRICT
Statement of Revenues, Expenditures and Changes in Fund Balances
 Governmental Funds
 For the Fiscal Year Ended June 30, 2007

	General	Bond Retirement	Other Governmental Funds	Total Governmental Funds
<u>Revenues:</u>				
Property Taxes	\$2,436,680	\$347,617	\$45,990	\$2,830,287
Intergovernmental	9,394,864	43,298	946,352	10,384,514
Interest	169,077	0	3,028	172,105
Tuition and Fees	286,681	0	0	286,681
Gifts and Donations	0	0	28,160	28,160
Rent	2,214	0	0	2,214
Extracurricular Activities	0	0	161,037	161,037
Charges for Services	0	0	403,227	403,227
Miscellaneous	594,937	0	0	594,937
<i>Total Revenues</i>	<u>12,884,453</u>	<u>390,915</u>	<u>1,587,794</u>	<u>14,863,162</u>
<u>Expenditures:</u>				
<i>Current:</i>				
<i>Instruction:</i>				
Regular	6,386,073	0	86,456	6,472,529
Special	1,152,276	0	579,122	1,731,398
Vocational	483,299	0	0	483,299
Other	82,422	0	0	82,422
<i>Support Services:</i>				
Pupils	457,962	0	0	457,962
Instructional Staff	394,576	0	6,624	401,200
Board of Education	121,945	0	0	121,945
Administration	1,149,221	0	7,185	1,156,406
Fiscal	341,359	6,363	21	347,743
Business	40,495	0	0	40,495
Operation and Maintenance of Plant	1,315,721	0	52,486	1,368,207
Pupil Transportation	873,678	0	0	873,678
Central	0	0	6,825	6,825
Operation of Non-Instructional Services	0	0	655,054	655,054
Extracurricular Activities	291,361	0	125,630	416,991
Capital Outlay	55,505	0	121,887	177,392
<i>Debt Service:</i>				
Principal Retirement	6,341	150,000	0	156,341
Interest	195	214,035	0	214,230
<i>Total Expenditures</i>	<u>13,152,429</u>	<u>370,398</u>	<u>1,641,290</u>	<u>15,164,117</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(267,976)</u>	<u>20,517</u>	<u>(53,496)</u>	<u>(300,955)</u>
<u>Other Financing Sources:</u>				
Proceeds from the Sale of Capital Assets	301	0	0	301
<i>Total Other Financing Sources</i>	<u>301</u>	<u>0</u>	<u>0</u>	<u>301</u>
<i>Net Change in Fund Balances</i>	(267,675)	20,517	(53,496)	(300,654)
<i>Fund Balances at Beginning of Year</i>	<u>539,275</u>	<u>453,745</u>	<u>1,341,562</u>	<u>2,334,582</u>
<i>Fund Balances at End of Year</i>	<u>\$271,600</u>	<u>\$474,262</u>	<u>\$1,288,066</u>	<u>\$2,033,928</u>

See accompanying notes to the basic financial statements.

AMANDA-CLEARCREEK LOCAL SCHOOL DISTRICT
*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2007*

Net Change in Fund Balances - Total Governmental Funds (\$300,654)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period. (920,489)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. These revenues consist of:
Property taxes (11,325)

Repayment of bond principal and capital leases is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. 156,341

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. 650

Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:
Compensated absences 47,787

The internal service fund used by management to charge the cost of insurance to individual funds is not reported in the government-wide statement of activities. Governmental expenditures and the related internal service fund revenue are eliminated. The net revenue (expense) of the internal service fund is allocated among activities. (125,228)

Change in Net Assets of Governmental Activities (\$1,152,918)

See accompanying notes to the basic financial statements.

AMANDA-CLEARCREEK LOCAL SCHOOL DISTRICT

*Statement of Revenues, Expenditures and Changes
in Fund Balance - Budget and Actual (Budget Basis)
General Fund*

For the Fiscal Year Ended June 30, 2007

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget Positive (Negative)
<u>Revenues:</u>				
Property Taxes	\$2,425,000	\$2,516,012	\$2,459,642	(\$56,370)
Intergovernmental	9,051,500	9,287,524	9,455,479	167,955
Interest	85,000	135,000	156,991	21,991
Tuition and Fees	233,000	298,000	286,681	(11,319)
Rent	1,800	1,800	2,214	414
Miscellaneous	295,000	578,000	592,057	14,057
<i>Total Revenues</i>	<u>12,091,300</u>	<u>12,816,336</u>	<u>12,953,064</u>	<u>136,728</u>
<u>Expenditures:</u>				
<i>Current:</i>				
<i>Instruction:</i>				
Regular	6,082,978	6,428,245	6,355,112	73,133
Special	1,230,460	1,166,701	1,153,396	13,305
Vocational	488,376	484,679	479,480	5,199
Other	113,406	92,077	91,038	1,039
<i>Support Services:</i>				
Pupils	461,666	462,046	454,163	7,883
Instructional Staff	429,498	422,072	417,768	4,304
Board of Education	102,035	148,077	147,522	555
Administration	1,129,568	1,166,598	1,159,129	7,469
Fiscal	339,900	365,298	359,960	5,338
Business	43,860	40,860	39,979	881
Operation and Maintenance of Plant	1,295,603	1,333,214	1,321,238	11,976
Pupil Transportation	1,036,737	872,082	862,663	9,419
Extracurricular Activities	299,539	302,032	297,890	4,142
Capital Outlay	24,300	63,423	63,308	115
<i>Total Expenditures</i>	<u>13,077,926</u>	<u>13,347,404</u>	<u>13,202,646</u>	<u>144,758</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(986,626)</u>	<u>(531,068)</u>	<u>(249,582)</u>	<u>281,486</u>
<u>Other Financing Sources:</u>				
Proceeds from the Sale of Capital Assets	2,200	2,200	301	(1,899)
<i>Total Other Financing Sources</i>	<u>2,200</u>	<u>2,200</u>	<u>301</u>	<u>(1,899)</u>
Net Changes in Fund Balances	(984,426)	(528,868)	(249,281)	279,587
<i>Fund Balance at Beginning of Year</i>	1,464,941	1,464,941	1,464,941	0
Prior Year Encumbrances Appropriated	192,529	192,529	192,529	0
<i>Fund Balance at End of Year</i>	<u>\$673,044</u>	<u>\$1,128,602</u>	<u>\$1,408,189</u>	<u>\$279,587</u>

See accompanying notes to the basic financial statements.

AMANDA-CLEARCREEK LOCAL SCHOOL DISTRICT

Statement of Net Assets

Proprietary Fund

June 30, 2007

	<u>Governmental Activities</u>
	<u>Internal Service</u>
<u>Assets:</u>	
<i>Current Assets:</i>	
Equity in Pooled Cash and Cash Equivalents	<u>\$487,555</u>
<i>Total Assets</i>	<u>487,555</u>
<u>Net Assets:</u>	
Unrestricted	<u><u>\$487,555</u></u>

See accompanying notes to the basic financial statements.

AMANDA-CLEARCREEK LOCAL SCHOOL DISTRICT

Statement of Revenues,

Expenses and Change in Fund Net Assets

Proprietary Fund

For the Fiscal Year Ended June 30, 2007

	<u>Governmental Activities</u>
	<u>Internal Service</u>
<u>Operating Revenues:</u>	
Charges for Services	<u>\$1,310,928</u>
<u>Operating Expenses:</u>	
Claims	1,134,736
Other	<u>301,420</u>
<i>Total Operating Expenses</i>	<u>1,436,156</u>
<i>Change in Net Assets</i>	(125,228)
<i>Net Assets at Beginning of Year</i>	<u>612,783</u>
<i>Net Assets at End of Year</i>	<u><u>\$487,555</u></u>

See accompanying notes to the basic financial statements.

AMANDA-CLEARCREEK LOCAL SCHOOL DISTRICT

Statement of Cash Flows

Proprietary Fund

For the Fiscal Year Ended June 30, 2007

	<u>Governmental Activities</u>
	<u>Internal Service</u>
<u>Increase (Decrease) in Cash and Cash Equivalents:</u>	
<u>Cash Flows from Operating Activities:</u>	
Cash Received from Interfund Services Provided	\$1,310,928
Cash Payments for Claims	(1,187,221)
Other Cash Payments	<u>(301,420)</u>
<i>Net Increase in Cash and Cash Equivalents</i>	(177,713)
<i>Cash and Cash Equivalents at Beginning of Year</i>	<u>665,268</u>
<i>Cash and Cash Equivalents at End of Year</i>	<u><u>\$487,555</u></u>
<u>Reconciliation of Operating Loss to Net Cash from Operating Activities:</u>	
Operating Loss	(\$125,228)
<u>Adjustments to Reconcile Operating Loss to Net Cash from Operating Activities:</u>	
<i>Increase in Liabilities:</i>	
Claims Payable	<u>(52,485)</u>
<i>Net Cash from Operating Activities</i>	<u><u>(\$177,713)</u></u>

See accompanying notes to the basic financial statements.

AMANDA-CLEARCREEK LOCAL SCHOOL DISTRICT

Statement of Fiduciary Net Assets

Fiduciary Funds

June 30, 2007

	<u>Private Purpose Trust</u>	<u>Agency</u>
<u>Assets:</u>		
Equity in Pooled Cash and Cash Equivalents	<u>\$28,023</u>	<u>\$215,440</u>
<u>Liabilities:</u>		
Intergovernmental Payable	0	109,695
Due to Students	<u>0</u>	<u>105,745</u>
<i>Total Liabilities</i>	<u>0</u>	<u><u>\$215,440</u></u>
<u>Net Assets:</u>		
Held in Trust For Scholarships	<u><u>\$28,023</u></u>	

See accompanying notes to the basic financial statements.

AMANDA-CLEARCREEK LOCAL SCHOOL DISTRICT

Statement of Change in Fiduciary Net Assets

Fiduciary Fund

For the Fiscal Year Ended June 30, 2007

	<u>Private Purpose Trust</u>
<i>Additions:</i>	
Gifts and Donations	\$13,660
<i>Deductions</i>	
Payments in Accordance with Trust	<u>12,912</u>
<i>Change in Net Assets</i>	748
<i>Net Assets at Beginning of Year</i>	<u>27,275</u>
<i>Net Assets at End of Year</i>	<u><u>\$28,023</u></u>

See accompanying notes to the basic financial statements.

AMANDA-CLEARCREEK LOCAL SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007*

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Description of the School District

Amanda-Clearcreek Local School District (the District) is a body politic and corporate organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The District is a local school district as defined by Ohio Revised Code Section 3311.03. The District operates under a locally-elected Board form of government consisting of five members elected at-large for staggered four year terms. The District provides educational services as authorized by state statute and/or federal guidelines.

The District was established through the consolidation of existing land areas and school districts. It is staffed by 69 non-certificated employees, 112 certificated full-time teaching personnel and 7 administrative employees who provide services to 1,730 students.

Reporting Entity

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the District consists of all funds, departments, boards, and agencies that are not legally separate from the District. For Amanda-Clearcreek Local School District, this includes general operations, food service and student related activities of the District.

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

Discretely Presented Component Unit - The component unit column on the financial statements includes the financial data of the District's component unit, the Amanda-Clearcreek Community School. It is reported in a separate column to emphasize that it is legally separate from the District.

The Amanda-Clearcreek Community School (the "Community School") is a nonprofit corporation established pursuant to Ohio Revised Code Chapters 3314 and 1702. The Community School is an approved tax-exempt organization under Section 501 (c) (3) of the Internal Revenue Code. The Community School is a comprehensive educational program for students in Kindergarten who reside in the Amanda-Clearcreek Local School District and qualify for the program. This is provided at no cost to the student. The Community School is operated under the direction of school superintendent, J.B. Dick and school director, Steve Grahn, and is sponsored by the Amanda-Clearcreek Local School District. The Community School is staffed by 2 administrative, 3 classified and 2 certified employees providing education to 117 students.

The Community School was approved for operation under a contract between the Amanda-Clearcreek Local School District (the "Sponsor") dated March 20, 2003. Actual operations began during the fiscal year ended June 30, 2006.

Separately issued financial statements can be obtained from the Amanda-Clearcreek Community School, 328 E. Main Street, Amanda, Ohio 45102.

AMANDA-CLEARCREEK LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2007

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

The District is associated with two jointly governed organizations: the Metropolitan Education Council (MEC) and the South Central Ohio Insurance Consortium (SCOIC). The District is also associated with one insurance purchasing pool: Ohio School Plan (OSP). These organizations are presented in Notes 14 and 15 to the basic financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its governmental activities provided they do not conflict with or contradict GASB pronouncements. The more significant of the District's accounting policies are described below.

A. Basis of Presentation

The District's basic financial statement consists of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

Government-Wide Financial Statements

The statement of net assets and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. Internal service fund activity is eliminated to avoid "doubling up" revenues and expenses. The statements distinguish between those activities of the District that are governmental and those that are considered business-type activities. The District has no business-type activities.

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

Fund Financial Statements

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

AMANDA-CLEARCREEK LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2007

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

B. Fund Accounting

The District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with self-balancing set of accounts. The funds of the District fall within three categories: governmental, proprietary and fiduciary.

Governmental Funds

Governmental funds are those through which most governmental functions of the District are financed. Governmental funds focus on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance.

The following are the District's major governmental funds:

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

Bond Retirement Fund- This fund is used to account for financial resources accumulated for the payment of general long-term debt principal, interest and related costs.

The other governmental funds of the District accounts for grants and other resources of the District whose use is restricted to a particular purpose.

Proprietary Fund

The proprietary fund focus is on the determination of the change in net assets, financial position and cash flows and is classified as internal service. The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the District, or to other governments, on a cost reimbursement basis. The only internal service fund of the District accounts for a self-insurance program which provides health and dental benefits to employees.

Fiduciary Funds

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District's fiduciary funds include a private purpose trust fund that accounts for a trust held for scholarships and an agency fund which is used to account for student managed activities.

AMANDA-CLEARCREEK LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2007

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

C. Measurement Focus

Government-Wide Financial Statements

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and liabilities associated with the operation of the District are included on the statement of net assets.

Fund Financial Statements

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balance reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

D. Basis of Accounting

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

Revenues - Exchange and Nonexchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Measurable" means the amount of the transaction can be determined, and "available" means that the resources are collectible 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 District, available means expected to be received within sixty days of fiscal year-end.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 6). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the year when use is first permitted; matching requirements, in which the District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at the fiscal year-end: property taxes available for advance, accounts and grants.

AMANDA-CLEARCREEK LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2007

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Deferred Revenue

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of June 30, 2007, but which were levied to finance fiscal year 2008 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

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

E. Cash and Cash Equivalents

To improve cash management, cash received by the District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the District records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the financial statements.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2007 amounted to \$169,077, which includes \$80,687 assigned from other District funds.

F. Inventory

On government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used, consumed or sold.

On fund financial statements, inventories of governmental funds are stated at cost. Cost is determined on a first-in, first-out basis. Inventory in governmental funds consists of expendable supplies held for consumption, and purchased food and donated food held for resale. The cost of inventory items is recorded as an expenditure in the governmental fund types when consumed, used or sold.

AMANDA-CLEARCREEK LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2007

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

G. Capital Assets

General capital assets are associated with and generally arise from governmental activities. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements.

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

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

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	50 years
Buildings and Improvements	20 - 50 years
Furniture, Fixtures and Equipment	5 - 10 years
Vehicles	10 years
Textbooks	10 years

H. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "Interfund Receivable" and "Interfund Payable". These amounts are eliminated in the governmental activities column of the statement of net assets.

I. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employee's rights to receive compensation are attributed to services already rendered and it is probable that the District will compensate the employees for the benefits through paid time off or some other means. The District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the District has identified as probable of receiving payments in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the District's termination policy. The District records a liability for accumulated unused sick leave for classified and certified employees and administrators who have at least 10 years of service with the District.

AMANDA-CLEARCREEK LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2007

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

The entire compensated absence liability is reported on the government-wide financial statements.

On the governmental fund financial statements, compensated absences are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "Matured Compensated Absences Payable" in the fund from which the employees will be paid.

J. Accrued Liabilities and Long-Term Liabilities

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgements, compensated absences, special termination of benefits and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment in the current year. Long-term bonds and capital leases are recognized as a liability on the fund financial statements when due.

K. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws, or regulations of other governments.

The District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

L. Fund Balance Reserves

The District reserves those portions of fund balance which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for encumbrances and property taxes.

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriations under State statute.

M. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary fund. For the District, these revenues are charges for services for the self-insurance program. Operating expenses are necessary costs incurred to provide the self-insurance service that is the primary activity of that fund.

AMANDA-CLEARCREEK LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2007

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

N. Interfund Transactions

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

O. Estimates

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

P. Budgetary Process

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

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the certificate when the appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2007.

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

Budgetary information for the Amanda-Clearcreek Community School is not reported because it is not required to follow the budgetary provisions set forth in the Ohio Revised Code Chapter 5705, unless specifically provided by the contract with the District. The contract between the Community School and the District does not require this.

AMANDA-CLEARCREEK LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2007

NOTE 3 - ACCOUNTABILITY

The following funds had deficit fund balances as of June 30, 2007:

	<u>Deficit Fund Balance</u>
<i>Nonmajor Special Revenue Funds:</i>	
Title I	\$3,662
Title V	7

The deficits in these funds are the result of the application of generally accepted accounting principles and the requirement to accrue liabilities when incurred. The General Fund is liable for any deficit in these funds and provides operating transfers when cash is required, not when accruals occur. These deficits do not exist on the cash basis.

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance.
4. Advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).

The following tables summarize the adjustments necessary to reconcile the GAAP and budgetary basis statements for the General Fund.

	<u>Net Change in Fund Balance</u>
Budget Basis	(\$249,586)
<i>Adjustments:</i>	
Revenue Accruals	(68,611)
Expenditure Accruals	(72,429)
Encumbrances	122,650
Other Sources	301
GAAP Basis	<u><u>(\$267,675)</u></u>

AMANDA-CLEARCREEK LOCAL SCHOOL DISTRICT

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2007*

NOTE 5 - DEPOSITS

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 that the Board has identified as not required for use within the current two year period of designation of depositories. Inactive deposits must be either 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 moneys. Interim moneys are those moneys 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.

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

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

1. United States Treasury Notes, Bills, Bonds, or 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 fair 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 fair value daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section, 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 (STAROhio);

AMANDA-CLEARCREEK LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2007

NOTE 5 - DEPOSITS - (Continued)

7. Certain banker's acceptances and commercial paper notes for a period not to exceed one hundred eighty days from the date of purchase in an amount not to exceed twenty-five percent of interim monies available for investment at any time; and
8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

The following information classifies deposits by categories of risk as defined in GASB Statement No. 3, "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements" and GASB Statement No. 40, "Deposit and Investment Risk Disclosures."

Deposits: Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be returned. All deposits are collateralized with eligible securities. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the District.

At June 30, 2007, the carrying amount of all District deposits was \$4,020,997. Based on the criteria described in GASB Statement No. 40, "Deposit and Investment Risk Disclosures", as of June 30, 2007, \$3,848,630 of the District's bank balance of \$4,048,630 was exposed to custodial risk as discussed above while \$200,000 was covered by Federal Deposit Insurance. The \$3,848,630 exposed to custodial risk was collateralized with securities held by the District or its agency in the District's name.

The classification of cash and cash equivalents on the financial statements is based on criteria set forth in GASB No. 9, "Reporting of Cash Flows of Proprietary and Non-Expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting". A reconciliation between the classifications of cash on the financial statements and the classification per GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents/Deposits
GASB Statement No. 9	<u>\$4,020,997</u>

At June 30, 2007, the carrying amount of all Community School deposits was \$301,655. Based on the criteria described in GASB Statement No. 40, "Deposit and Investment Risk Disclosures", as of June 30, 2007, \$242,138 of the Community School's bank balance of \$342,138 was exposed to custodial risk as discussed above while \$100,000 was covered by the Federal Deposit Insurance. The \$242,138 exposed to custodial risk was collateralized with securities held by the Community School or its agent in the Community School's name.

AMANDA-CLEARCREEK LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2007

NOTE 6 - PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis. Second half distributions occur in a new fiscal year. Property taxes include amounts levied against all real, public utility and tangible personal (used in business) property located in the District. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes attached as a lien on December 31, of the prior year, were levied April 1 and are collected with real property taxes. Assessed values for real property is required to be revalued every six years. Public utility property taxes are assessed on tangible personal property at 88 percent of true value (with certain exceptions) and on real property at 35 percent of true value. Tangible personal property taxes are levied after April 1 on the value listed as of December 31. Tangible personal property assessments are 25 percent of true value for capital assets and 24 percent of true value for inventory.

Real property taxes are paid by taxpayers annually or semi-annually. If paid annually, payment is due December 31, unless extended; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20, unless extended. Under certain circumstances, State statute permits earlier or later payment dates to be established.

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

The District receives property taxes from Fairfield County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the Counties by June 30, 2007 are available to finance fiscal year 2007 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents the June 2007 personal property tax settlement, delinquent taxes outstanding and real property, tangible personal property, and public utility taxes which become measurable as of June 30, 2007. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The total amount available as an advance at June 30, 2007 was \$295,380 and is recognized as revenue. Of this total amount, \$253,698 was available to the General Fund, \$36,786 was available to the Bond Retirement Fund, and \$4,896 was available to the Classroom Facilities Maintenance Nonmajor Special Revenue Fund.

AMANDA-CLEARCREEK LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2007

NOTE 6 - PROPERTY TAXES - (Continued)

The assessed values upon which the fiscal year 2007 taxes were collected are:

	2006 Second-Half Collections		2007 First-Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$120,363,580	93.85%	\$123,126,060	95.32%
Public Utility Personal	4,517,860	3.52%	4,333,270	3.35%
Tangible Personal Property	3,375,966	2.63%	1,711,950	1.33%
Total Assessed Value	<u>\$128,257,406</u>	<u>100.00%</u>	<u>\$129,171,280</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation		\$38.80		\$38.80

NOTE 7 - CAPITAL ASSETS

Capital asset governmental activity for the fiscal year ended June 30, 2007 was as follows:

Asset Category	Balance at July 1, 2006	Transfers/ Additions	Transfers/ Deletions	Balance at June 30, 2007
<i>Nondepreciable Capital Assets:</i>				
Land	\$306,573	\$0	\$0	\$306,573
<i>Depreciable Capital Assets:</i>				
Land Improvements	2,646,939	60,323	0	2,707,262
Buildings and Improvements	34,157,281	0	0	34,157,281
Furniture, Fixtures and Equipment	817,485	11,271	0	828,756
Vehicles	1,326,870	328,402	(123,121)	1,532,151
Textbooks	651,909	115,825	0	767,734
Total Depreciable Capital Assets	<u>39,600,484</u>	<u>515,821</u>	<u>(123,121)</u>	<u>39,993,184</u>
Total Capital Assets	<u>39,907,057</u>	<u>515,821</u>	<u>(123,121)</u>	<u>40,299,757</u>
<i>Accumulated Depreciation:</i>				
Land Improvements	(467,150)	(126,389)	0	(593,539)
Buildings and Improvements	(2,962,704)	(1,071,473)	0	(4,034,177)
Furniture, Fixtures and Equipment	(203,183)	(69,248)	0	(272,431)
Vehicles	(914,053)	(98,739)	123,121	(889,671)
Textbooks	(400,189)	(70,461)	0	(470,650)
Total Accumulated Depreciation	<u>(4,947,279)</u>	<u>(1,436,310)</u>	<u>123,121</u>	<u>(6,260,468)</u>
Total Net Capital Assets	<u>\$34,959,778</u>	<u>(\$920,489)</u>	<u>\$0</u>	<u>\$34,039,289</u>

AMANDA-CLEARCREEK LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2007

NOTE 7 - CAPITAL ASSETS - (Continued)

Depreciation expense was charged to governmental functions as follow:

<i>Instruction:</i>	
Regular	\$1,238,608
Vocational	3,365
<i>Support Services:</i>	
Pupils	13,798
Instructional Staff	25,926
Operation and Maintenance of Plant	9,520
Administration	1,043
Pupil Transportation	112,413
Central	2,196
Operation of Non-Instructional Services	9,862
Extracurricular Activities	<u>19,579</u>
 Total Depreciation Expense	 <u><u>\$1,436,310</u></u>

Capital asset activity for the Amanda-Clearcreek Community School for the fiscal year ended June 30, 2007 was as follows:

Asset Category	Balance at July 1, 2006	Transfer/ Additions	Transfer/ Deletions	Balance at June 30, 2007
<i>Depreciable Capital Assets:</i>				
Furniture, Fixtures and Equipment	\$87,480	\$80,657	\$0	\$168,137
Total Capital Assets	<u>87,480</u>	<u>80,657</u>	<u>0</u>	<u>168,137</u>
<i>Accumulated Depreciation:</i>				
Furniture, Fixtures and Equipment	(8,748)	(4,033)	0	(12,781)
Total Accumulated Depreciation	<u>(8,748)</u>	<u>(4,033)</u>	<u>0</u>	<u>(12,781)</u>
Total Capital Assets, Net	<u><u>\$78,732</u></u>	<u><u>\$76,624</u></u>	<u><u>\$0</u></u>	<u><u>\$155,356</u></u>

AMANDA-CLEARCREEK LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2007

NOTE 8 - RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The School District has joined together with other school districts in Ohio to participate in the Ohio School Plan (OSP), a public entity insurance purchasing pool. Each individual school district enters into an agreement with the OSP and its premium is based on types of coverage, limits of coverage, and deductibles that it selects. The School District pays this annual premium to the OSP (See Note 15).

The types and amounts of coverage provided by the Ohio School Plan are as follows:

Building and Contents-replacement cost (\$1,000 deductible)	\$47,362,829
Automobile Liability (\$1,000 deductible):	
Bodily Injury and Property Damage-combined single limit	2,000,000
Medical Payments - each person	5,000
General Liability:	
Each Occurrence	1,000,000
Aggregate Limit	3,000,000
Product-Complete Operations Aggregate Limit	1,000,000
Fire Legal Liability	500,000
Medical Expense Limit-per person/accident	10,000
Employers Liability-Stop Gap:	
Per Accident	1,000,000
Per Disease Each Employee	1,000,000
Per Disease Policy Limit	1,000,000
Employee Benefits Liability:	
Per Claim	1,000,000
Aggregate Limit	3,000,000
Excess Liability	
Each Occurrence	2,000,000
Aggregate Limit	2,000,000

AMANDA-CLEARCREEK LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2007

Note 8 – RISK MANAGEMENT – (Continued)

For fiscal year 2007, the District participated in the Ohio School Boards Association Worker's Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 19). The intent of the plan is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the Plan. The worker's 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 Plan. Each participant pays its worker's compensation premium to the State based on the rate for the Plan 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 Plan. 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 Plan. Participation in the Plan is limited to school districts that can meet the Plan's selection criteria. The firm Gates McDonald & Co. provides administrative, cost control and actuarial services to the Plan.

The District was self funded with the South Central Ohio Insurance Consortium effective January 1, 1996.

The District joined four other school districts January 1, 1996, to form a regional council of governments in accordance with Ohio Revised Code Chapter 167 and entered into an Agreement Establishing the South Central Ohio Insurance Consortium for the purpose of carrying out a joint self-insurance program pursuant to Section 9.833 of the Ohio Revised Code, in an effort to minimize risk exposure and control claims and premium costs. EV Benefits is the third party administrator for the consortium, with Safeco Life Insurance Company as the excess loss carrier. The individual excess loss coverage is \$50,000 individual deductible per person with a \$3,000,000 maximum lifetime reimbursement per person.

The South Central Ohio Insurance Consortium was established to accumulate balances sufficient to self-insure basic medical and prescription drug coverage and permit excess umbrella coverage for claims over a predetermined level. The Board's share and the employee's share of premium contributions are determined by the negotiated agreement for certificated employees and by the Board action or administrators and classified employees.

Premiums are paid to the South Central Ohio Insurance Consortium Fund and the Self Insurance Fund of the District from the Internal Service Fund. Claims payments are made on an as-incurred basis by the third party administrator with the balance of contributions remaining with the Fiscal Agent of the consortium.

A by-law change of the Consortium effective July 1, 2002, made the member districts not self insured for medical and pharmacy benefits but are self insured for dental benefits. This change made the risk transfer to the Consortium for medical and pharmacy benefits. The risk for dental benefits remains with the member districts. Therefore no claims payable will be reported for medical and pharmacy claims as of June 30, 2007 and no reported cash with fiscal agent for the balance of funds held by the Consortium that covers medical and pharmacy claims.

AMANDA-CLEARCREEK LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2007

NOTE 8 - RISK MANAGEMENT - (Continued)

The claims liability reported at June 30, 2007 is based on an estimate provided by the third party administrators and the requirements of Governmental Accounting Standards Board Statement No. 10 which requires that a liability for unpaid claim costs, including estimates of costs related to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Changes in claims activity for the past two fiscal years are as follows:

<u>Fiscal Year</u>	<u>Balance at Beginning of Year</u>	<u>Current Year Claims</u>	<u>Claims Payments</u>	<u>Balance at End of Year</u>
2006	\$46,246	\$1,057,694	\$1,051,455	\$52,485
2007	52,485	1,134,736	1,187,221	0

NOTE 9 - DEFINED BENEFIT PENSION PLANS

School Employees Retirement System

The District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer 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 State statute, Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling (614) 222-5853.

Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current 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 2006 (the latest information available), 10.58 percent of the 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 amounts, by the SERS Retirement Board. The District's contributions for pension obligations to SERS for the fiscal years ended June 30, 2007, 2006, and 2005 were \$227,697, \$189,430, and \$157,458, respectively; 53.56 percent has been contributed for fiscal year 2007 and 100 percent for the fiscal years 2006 and 2005. \$105,749 representing the unpaid contribution for fiscal year 2007, is recorded as a liability in the statement of net assets.

AMANDA-CLEARCREEK LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2007

NOTE 9 - DEFINED BENEFIT PENSION PLANS - (Continued)

State Teachers Retirement System

The District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the State Teachers Retirement System of Ohio, 275 East Broad Street, Columbus, Ohio 43215-3771 or by calling (614) 227-4090.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB Plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001.

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

Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The District's contributions for pension obligations to STRS for the fiscal years ended June 30, 2007, 2006, and 2005 were \$868,971, \$825,741, and \$812,719, respectively; 85.03 percent has been contributed for fiscal year 2007 and 100 percent for the fiscal years 2006 and 2005. \$130,124 representing the unpaid contribution for fiscal year 2007, is recorded as a liability in the statement of net assets.

Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2007, three members of the Board of Education have elected to pay into Social Security.

AMANDA-CLEARCREEK LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2007

NOTE 10 - 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.

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. All benefit recipients pay a portion of health care cost in the form of a monthly premium. By Ohio Law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. For fiscal year 2007, the Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. For the District, this amount equaled \$66,844 during fiscal year 2007.

STRS pays health care benefits from the Health Care Stabilization Fund. The balance in the Fund was \$3.5 billion at June 30, 2006 (the latest information available.) For the year ended June 30, 2006, net health care costs paid by STRS were \$282,743,000 and STRS had 119,184 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more years of qualifying service credit, disability and survivorship 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 fiscal year 2006 (the latest information available), employer contributions to fund health care benefits were 3.42 percent of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2007, the minimum pay has been established at \$35,800. 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, 2006 (the latest information available) were \$158,751,207 and the target level was \$238.2 million. At June 30, 2006, SERS had net assets available for payment of health care benefits of \$295.6 million. The number of participants currently receiving health care benefits is approximately 59,492. For the District, the amount to fund health care benefits, including the surcharge, equaled \$107,199 during the 2007 fiscal year.

NOTE 11 - EMPLOYEE BENEFITS

Compensated Absences

The criteria for determining vested vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per year, depending upon length of service. Administrators are generally granted twenty days of vacation per year. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers and administrators who work less than 260 days per year do not earn vacation time.

AMANDA-CLEARCREEK LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2007

NOTE 11 - EMPLOYEE BENEFITS - (Continued)

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 225 days for aides and all other classified employees and 250 for certified employees. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit up to a maximum of 50 days for all employees. A bonus of twenty days is granted if retirement is by the State Teachers Retirement System standard.

NOTE 12 - LONG-TERM LIABILITIES

The changes in the District's long-term liabilities during fiscal year 2007 were as follows:

	<u>Issue Date</u>	<u>Interest Rate</u>	<u>Principal Outstanding at July 1, 2006</u>	<u>Additions</u>	<u>Deductions</u>	<u>Principal Outstanding at June 30, 2007</u>	<u>Amount Due In One Year</u>
<i>Governmental Activities:</i>							
General Obligation Bonds	2000	5.45%	\$3,780,000	\$0	(\$150,000)	\$3,630,000	\$145,000
Compensated Absences Payable			748,567	289,108	(336,895)	700,780	55,371
Capital Lease Payable			6,341	0	(6,341)	0	0
Total Governmental Activities Long-Term Obligations			<u>\$4,534,908</u>	<u>\$289,108</u>	<u>(\$493,236)</u>	<u>\$4,330,780</u>	<u>\$200,371</u>

General obligation bonds were issued by the District on March 15, 2000 in 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 Ohio Revised Code and Section 133.09 thereof. These bonds will be paid from the Bond Retirement Fund using property tax revenues.

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.

Compensated absences will be paid from the fund from which the employee is paid. The capital lease payable will be paid from the General Fund.

The District's overall legal debt margin was \$7,995,415 with an unvoted debt margin of \$129,171 at June 30, 2007.

AMANDA-CLEARCREEK LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2007

NOTE 12 - LONG-TERM LIABILITIES - (Continued)

The annual requirements to retire the general obligation bonds outstanding at June 30, 2007, are as follows:

Fiscal Year Ending June 30,	General Obligation Bonds
2008	\$351,550
2009	348,990
2010	355,838
2011	352,085
2012	346,935
2013-2017	1,739,775
2018-2022	1,730,798
2023	344,715
Total Debt Payments	5,570,686
Less: Amount Representing Interest	1,940,686
Total Principal	<u>\$3,630,000</u>

NOTE 13 - STATUTORY SET-ASIDES

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

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

	Textbooks	Capital Acquisition	Total
Set-Aside Reserve Balance as of June 30, 2006	\$0	\$0	\$0
Current Year Set-Aside Requirement	243,506	243,506	487,012
Set-Aside Offset	0	(51,458)	(51,458)
Qualifying Disbursements	(373,484)	(378,433)	(751,917)
Totals	<u>(129,978)</u>	<u>(186,385)</u>	<u>(316,363)</u>
Set-Aside Reserve Balance as of June 30, 2007	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

AMANDA-CLEARCREEK LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2007

NOTE 13 - STATUTORY SET-ASIDES - (Continued)

The District had qualifying disbursements and offsets during the fiscal year that reduced the textbook and capital acquisition set-aside amounts below zero. Current year offsets and qualifying disbursements in excess of current year or accumulated set-aside requirements for textbooks may be used to reduce set-aside requirements in future years. Actual cash balances in excess of set-aside requirements for textbooks may be used to offset set-aside requirements of future years. Actual cash balances in excess of set-aside requirements for capital acquisition may be used to offset set-aside requirements of future years if monies are obtained from a permanent improvement levy.

NOTE 14 - JOINTLY GOVERNED ORGANIZATIONS

Metropolitan Education Council (MEC)

Metropolitan Education Council is a jointly governed organization created as a regional council of governments pursuant to State statutes. 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. During 2007, the District paid \$653 to MEC for services provided.

South Central Ohio Insurance Consortium (SCOIC)

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

NOTE 15 - INSURANCE PURCHASING POOL

Ohio School Plan (OSP)

The District participates in the Ohio School Plan, an insurance purchasing pool. The OSP is created and organized pursuant to and as authorized by Section 2744.081 of the Ohio Revised Code. The OSP is an unincorporated, non-profit association of its members and an instrumentality for each member for the purpose of enabling members of the Plan to provide for a formalized, joint insurance purchasing program to maintain adequate insurance protection, risk management programs and other administrative services. The OSP's business and affairs are conducted by a fifteen member Board of directors consisting of school district superintendents and treasurers, as well as the president of Harcum-Hyre Insurance Agency, Inc. and a partner of Hylant Group, Inc. Hylant Group, Inc. is the Administrator of the OSP and is responsible for processing claims. Harcum-Hyre Insurance Agency, Inc. is the sales and marketing representative, which establishes agreements between OSP and member schools.

NOTE 16 - RELATED PARTY TRANSACTIONS

During fiscal year 2007, the District provided Administrative services to the Amanda-Clearcreek Community School. As of June 30, 2007, the District has a receivable of \$109,695 due from the Amanda-Clearcreek Community School.

AMANDA-CLEARCREEK LOCAL SCHOOL DISTRICT

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2007

NOTE 17 - INTERFUND ACTIVITY

As of June 30, 2007 receivables and payables that resulted from various interfund transactions were as follows:

<u>Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$7	\$0
<i>Nonmajor Special Revenue Fund:</i>		
Title V	0	7
Total	<u>\$7</u>	<u>\$7</u>

All balances resulted from the time lag between the dates that (1) transactions are recorded in the accounting system or (2) loan payments between funds are made and then repaid.

NOTE 18 - CONTINGENCIES

Grants

The District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is 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, 2007.

**WOLFE, WILSON, & PHILLIPS, INC.
37 SOUTH SEVENTH STREET
ZANESVILLE, OHIO 43701**

**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Board of Education
Amanda-Clearcreek Local School District
Amanda, Ohio 43812

We have audited the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of Amanda-Clearcreek Local School District as of and for the year ended June 30, 2007, and have issued our report thereon dated December 13, 2007. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Amanda-Clearcreek Local School District's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that a misstatement of the District's financial statements that is more than inconsequential will not be prevented or detected by the District's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the District's internal control.

Our consideration of internal control over financial reporting was for the limited purposes described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

Independent Auditors' Report on Internal Control Over
Financial Reporting and on Compliance and Other Matters
Required by Government Auditing Standards
Page Two

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Amanda-Clearcreek Local School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that we must report under *Government Auditing Standard*.

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

Wolfe, Wilson, & Phillips, Inc.
Zanesville, Ohio
December 13, 2007

**WOLFE, WILSON, & PHILLIPS, INC.
37 SOUTH SEVENTH STREET
ZANESVILLE, OHIO 43701**

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

Board of Education
Amanda-Clearcreek Local School District
Amanda, Ohio 43102

Compliance

We have audited the compliance of Amanda-Clearcreek Local School 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, 2007. Amanda-Clearcreek Local School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Amanda-Clearcreek Local School District management. Our responsibility is to express an opinion on Amanda-Clearcreek Local School 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 with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Amanda-Clearcreek Local School 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 Amanda-Clearcreek Local School District's compliance with those requirements.

In our opinion, the Amanda-Clearcreek Local School District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2007.

Internal Control Over Compliance

The management of Amanda-Clearcreek Local School 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 Amanda-Clearcreek Local School 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.

Page 2

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

Wolfe, Wilson, & Phillips, Inc.
Zanesville, Ohio
December 13, 2007

**AMANDA-CLEARCREEK LOCAL SCHOOL DISTRICT
FAIRFIELD COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 SECTION 505**

1. Summary of Auditor's Results

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

2. Findings Related to the Financial Statements Required to be Reported in Accordance with GAGAS

NONE

3. Findings and Questioned Costs for Federal Awards

NONE

**AMANDA CLEARCREEK LOCAL SCHOOL DISTRICT
FAIRFIELD COUNTY
SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

Federal Grantor/ Sub-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>						
Pass through Ohio Department of Education						
Nutrition Cluster						
National School Breakfast Program	n/a	10.553	\$ 49,796	\$ -	\$ 49,796	\$ -
National School Lunch Program	n/a	10.555	162,966	-	162,966	-
Total Nutrition Cluster			212,762	-	212,762	-
Food Distribution Program	n/a	10.550	-	60,374	-	60,374
Total U.S. Department of Agriculture			212,762	60,374	212,762	60,374
<u>U.S. DEPARTMENT OF EDUCATION:</u>						
Pass through Ohio Department of Education						
Title I Educationally Deprived Children	046847C1S107 046847C1S106	84.010	171,310 15,680 186,990	- - -	171,310 18,355 189,665	- - -
Title VI-B Special Education Assistance	0468476BSF07	84.027	327,716 327,716	- -	327,716 327,716	- -
Drug Free School Program	046847DRS107	84.186	5,611 5,611	- -	5,611 5,611	- -
Innovative Education Program Strategies	046847C2S107	84.298	2,344 2,344	- -	2,344 2,344	- -
Technology Literacy Challenge	046847TJS107	84.318	2,063 2,063	- -	2,063 2,063	- -
Improving Teacher Quality State Grant	046847TRS107 046847TRS106	84.367	61,985 12,709 74,694	- - -	55,537 14,834 70,371	- - -
Total U.S. Department of Education			599,418	-	597,770	-
Total Federal Awards Expenditures			812,180	60,374	810,532	60,374

See notes to Schedule of Federal Awards Expenditures.

**AMANDA-CLEARCREEK LOCAL SCHOOL DISTRICT
NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES**

NOTES A – SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of federal awards expenditures is a summary of the activity of the District's federal award programs. The schedule has been prepared on the cash basis of accounting.

NOTES B – FOOD DISTRIBUTION

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. Monies are commingled with the State Grants. It is assumed that federal monies are expended first.



Mary Taylor, CPA
Auditor of State

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
JANUARY 31, 2008**