

AMANDA CLEARCREEK COMMUNITY SCHOOL

ANNUAL REPORT

FOR THE FISCAL YEAR ENDED JUNE 30, 2008

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



Mary Taylor, CPA
Auditor of State

Board of Education
Amanda Clearcreek Community School
328 East Main Street
Amanda, Ohio 43102

We have reviewed the *Independent Auditors' Report* of the Amanda Clearcreek Community School, Fairfield County, prepared by Wolfe, Wilson & Phillips, Inc., for the audit period July 1, 2007 through June 30, 2008. 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 Community School is responsible for compliance with these laws and regulations.

Mary Taylor

Mary Taylor, CPA
Auditor of State

December 31, 2008

This Page is Intentionally Left Blank.

**AMANDA CLEARCREEK COMMUNITY SCHOOL
FAIRFIELD COUNTY**

TABLE OF CONTENTS

<u>Title</u>	<u>Page</u>
Independent Auditors' Report.....	1
Management Discussion and Analysis.....	3
Government-wide Financial Statements:	
Statement of Nets Assets - Cash Basis.....	8
Statement of Revenues, Expenses and Changes in Fund Net Assets - Cash Basis.....	9
Statement of Cash Flows.....	10
Notes to the Financial Statements.....	11
Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Othet Matters Required By Government Auditing Standards.....	21
Schedule of Prior Audit Findings.....	23

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

INDEPENDENT AUDITORS' REPORT

Board of Directors
Amanda Clearcreek Community School
Amanda, Ohio 43102

We have audited the accompanying financial statements of the Amanda Clearcreek Community School, Fairfield County, Ohio, a component unit of the Amanda Clearcreek Local School District as of and for the year ended June 30, 2008, which collectively comprise the School's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School's management. Our responsibility is to express opinions 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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Amanda Clearcreek Community School, Fairfield County as of June 30, 2008, and the respective changes in financial position and its cash flows 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 November 19, 2008, on our consideration of Amanda Clearcreek Community School's internal control over financial reporting and our tests of its compliance with laws, regulations, contracts and grant agreements and other matters. 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 Governmental 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.

Wolfe, Wilson, & Phillips, Inc.
Zanesville, Ohio
November 19, 2008

Amanda Clearcreek Community School

This page is intentionally left blank.

AMANDA-CLEARCREEK COMMUNITY SCHOOL

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2008

(Unaudited)

The discussion and analysis of the Amanda-Clearcreek Community School's financial performance provides an overview and analysis of the Community School's financial activities for the fiscal year ended June 30, 2008. The intent of this discussion and analysis is to look at the Community School'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 Community School's financial performance.

Financial Highlights

- ▶ The assets of Amanda-Clearcreek Community School exceeded its liabilities at June 30, 2008 by \$233,748. This balance was comprised of a \$133,899 balance in capital assets and net asset amounts restricted for specific purposes, and a balance of \$95,613 unrestricted net assets.
- ▶ In total, net assets decreased by \$80,441 which represents a 25.6 percent decrease from 2007.

Using this Annual Report

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Amanda-Clearcreek Community School as a financial whole, an entire operating entity.

This discussion and analysis is intended to serve as an introduction to the Community School's basic financial statements. The Community School's basic financial statements are comprised of two components: the financial statements and notes to those financial statements.

The statement of net assets and the statement of revenues, expenses, and changes in fund net assets reflect how the Community School did financially during the fiscal year ended June 30, 2008. These statements include all assets and liabilities using the accrual basis of accounting similar to that, which is used by most private-sector companies. This basis of accounting considers all of the initial period revenues and expenses regardless of when cash is received or paid.

These statements report the Community School's net assets and changes in those assets. This change in net assets is important because it tells the reader whether the financial position of the Community School has increased or decreased during the period. Over time, these increases and/or decreases are one indicator of whether the financial position is improving or deteriorating.

The Community School uses a single enterprise presentation for all of its activities.

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

AMANDA-CLEARCREEK COMMUNITY SCHOOL
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
(Unaudited)

Financial Analysis

Table 1 provides a summary of the Community School's net assets for 2008 compared to fiscal year 2007:

Table 1
Net Assets at Year End

	2008	2007
<u>Assets:</u>		
Current and Other Assets	\$104,498	\$301,655
Capital Assets, Net	133,899	155,356
<i>Total Assets</i>	238,397	457,011
<u>Liabilities:</u>		
Current and Other Liabilities	4,649	142,822
<i>Total Liabilities</i>	4,649	142,822
<u>Net Assets:</u>		
Invested in Capital Assets	133,899	155,356
Restricted	4,236	4,154
Unrestricted	95,613	154,679
<i>Total Net Assets</i>	\$233,748	\$314,189

Current and other assets decreased \$218,614 from fiscal year 2007 due to a decrease in cash and cash equivalents held by the Community School.

Capital assets decreased \$21,457, which is due to depreciation in fiscal year 2008.

Current (other) liabilities decreased \$138,173 due to the decrease in intergovernmental payable.

The Community School's largest portion of net assets is related to amounts invested in capital assets. The Community School used these capital assets to provide services to students; consequently, these assets are not available for future spending.

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

The Community School's smallest portion of net assets is restricted. The restricted net assets are subject to external restrictions on how they may be used.

AMANDA-CLEARCREEK COMMUNITY SCHOOL

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
(Unaudited)*

Table 2 shows the changes in net assets for fiscal year 2008 and provides a comparison to fiscal year 2007.

Table 2
Changes in Net Assets

	<u>2008</u>	<u>2007</u>
<u>Revenues:</u>		
<i>Operating Revenue:</i>		
Foundation Payments	\$357,010	\$375,073
Miscellaneous	2,035	657
<i>Nonoperating Revenue:</i>		
Grants	5,000	160,000
Interest Income	<u>1,342</u>	<u>1,705</u>
<i>Total Revenues</i>	<u>365,387</u>	<u>537,435</u>
<u>Operating Expenses:</u>		
Salaries	22,412	38,343
Fringe Benefits	7,864	8,304
Purchased Services	383,555	298,117
Materials and Supplies	2,837	52,210
Depreciation	22,546	4,033
Other	<u>6,614</u>	<u>5,944</u>
<i>Total Expenses</i>	<u>445,828</u>	<u>406,951</u>
<i>Change in Net Assets</i>	(80,441)	130,484
Net Assets – Beginning of Year	<u>314,189</u>	<u>183,705</u>
Net Assets – End of Year	<u>\$233,748</u>	<u>\$314,189</u>

AMANDA-CLEARCREEK COMMUNITY SCHOOL

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
(Unaudited)*

The most significant program expense for the Community School is Purchased Services. This program accounts for 86.03 percent of the total business type activities. Purchased Services represents services provided by individuals or organizations outside the Community School.

The majority of the funding for the Community School is from foundation payments. Foundation revenues account for 97.71 percent of total revenues.

Revenues decreased \$172,048 or 32.01 percent from the prior year, which is mostly due to the \$155,000 decrease in Grant Revenue.

The Community School's expenses increased \$38,877, which is mostly due to the \$85,438 increase in Purchased Services.

Budget Highlights

The Amanda-Clearcreek Community School is not required to follow the budgetary provisions set forth in Ohio Revised Code Chapter 5705.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2008, the Community School had \$133,899 invested in capital assets. That total carries an accumulated depreciation of \$35,327. Table 4 shows fiscal year 2008 balances compared to fiscal year 2007.

Table 4
Capital Assets & Accumulated Depreciation at Year End

	Governmental Activities	
	<u>2008</u>	<u>2007</u>
<i>Depreciable Capital Assets:</i>		
Furniture, Fixtures and Equipment	<u>\$169,226</u>	<u>\$168,137</u>
<i>Total Capital Assets</i>	<u>169,226</u>	<u>168,137</u>
<i>Less Accumulated Depreciation:</i>		
Furniture, Fixtures and Equipment	<u>(35,327)</u>	<u>(12,781)</u>
<i>Total Accumulated Depreciation</i>	<u>(35,327)</u>	<u>(12,781)</u>
Capital Assets, Net	<u><u>\$133,899</u></u>	<u><u>\$155,356</u></u>

More detailed information pertaining to the Community School's capital asset activity can be found in Note 5 of the notes to the basic financial statements.

AMANDA-CLEARCREEK COMMUNITY SCHOOL

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
(Unaudited)*

Debt Administration

At June 30, 2008, the Community School had no general obligation debt outstanding.

Current Issues

Amanda-Clearcreek Community School is financially stable. As indicated in the preceding financial information, the Community School is dependent on intergovernmental revenue from foundation payments and grants. These revenues do 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.

As indicated in the preceding financial information, the Community School relies on the State's foundation program for the majority of their funding. In the spring of 2002, 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, in December of 2002 the Court again ruled in a split decision that the State's plan was not acceptable. The Ohio Supreme Court had two new Justices beginning in calendar year 2003 and another in calendar year 2006 and the new court may be called upon to address the issue. At this time there can be no reasonable estimate of the decision or its impact on school funding.

As of the date of these financial statements, the Community School is unable to determine what effect, if any, this decision will have on its future State funding and on its financial statements.

The Community School does not currently anticipate any meaningful growth or loss in revenue. Based on the above factors, the Board of Education and the administration of the Community School must maintain careful financial planning and prudent fiscal management in order to preserve the financial stability of the Community School.

Contacting the Community School's Financial Management

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

AMANDA-CLEARCREEK COMMUNITY SCHOOL

Statement of Net Assets

June 30, 2008

Assets:

Equity in Pooled Cash and Cash Equivalents	\$104,498
Depreciable Capital Assets, Net	<u>133,899</u>
<i>Total Assets</i>	<u>238,397</u>

Liabilities:

Accrued Wages and Benefits	4,411
Intergovernmental Payable	<u>238</u>
<i>Total Liabilities</i>	<u>4,649</u>

Net Assets:

Invested in Capital Assets	133,899
<i>Restricted for:</i>	
Other Purposes	4,236
Unrestricted	<u>95,613</u>
<i>Total Net Assets</i>	<u><u>\$233,748</u></u>

See accompanying notes to the basic financial statements and accountant's report.

AMANDA-CLEARCREEK COMMUNITY SCHOOL
Statement of Revenues, Expenses and Changes in Net Assets
For the Fiscal Year Ended June 30, 2008

Operating Revenues:

Foundation Payments	\$357,010
Miscellaneous	2,035
	<hr/>
<i>Total Operating Revenues</i>	<i>359,045</i>
	<hr/>

Operating Expenses:

Salaries	22,412
Fringe Benefits	7,864
Purchased Services	383,555
Materials and Supplies	2,837
Depreciation	22,546
Other	6,614
	<hr/>
<i>Total Operating Expenses</i>	<i>445,828</i>
	<hr/>

Operating Loss (86,783)

Other Nonoperating Revenues:

Federal and State Subsidies	5,000
Interest Income	1,342
	<hr/>
<i>Total Other Nonoperating Revenues</i>	<i>6,342</i>
	<hr/>

Net Change in Net Assets (80,441)

Net Assets at Beginning of Year 314,189

Net Assets at End of Year \$233,748

See accompanying notes to the basic financial statements and accountant's report.

AMANDA-CLEARCREEK COMMUNITY SCHOOL

Statement of Cash Flows

For the Fiscal Year Ended June 30, 2008

Increase (Decrease) in Cash and Cash Equivalents:

Cash Flows from Operating Activities:

Cash Received from Foundation Payments	\$357,010
Cash Payments to Employees for Services	(30,699)
Cash Payments for Goods and Services	(524,142)
Other Cash Receipts	2,035
Other Cash Payments	(6,614)
	<hr/>

Net Cash from Operating Activities

(202,410)

Cash Flows from Noncapital Financing Activities:

Operating Grants Received	<hr/> <u>5,000</u>
---------------------------	--------------------

Net Cash from Noncapital Financing Activities

5,000

Cash Flows from Capital and Related Financing Activities:

Payments for Capital Acquisitions	<hr/> <u>(1,089)</u>
-----------------------------------	----------------------

Net Cash from Capital and Related Financing Activities

(1,089)

Cash Flows from Investing Activities:

Interest on Investments	<hr/> <u>1,342</u>
-------------------------	--------------------

Net Cash from Investing Activities

1,342

Net Decrease in Cash and Cash Equivalents (197,157)

Cash and Cash Equivalents Beginning of Year

301,655

Cash and Cash Equivalents End of Year

\$104,498

Reconciliation of Operating Loss

to Net Cash from Operating Activities:

Operating Loss (\$86,783)

Adjustments:

Depreciation 22,546

Adjustments to Reconcile Operating Loss

to Net Cash from Operating Activities:

Increase (Decrease) in Liabilities:

Accrued Wages and Benefits (423)

Intergovernmental Payable

(137,750)

Total Adjustments

(138,173)

Net Cash from Operating Activities

(\$202,410)

See accompanying notes to the basic financial statements and accountant's report.

AMANDA-CLEARCREEK COMMUNITY SCHOOL

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008*

NOTE 1 - DESCRIPTION OF THE COMMUNITY SCHOOL AND REPORTING ENTITY

Description of the Community School

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 109 students.

The Community School was approved for operation under a contract between the Amanda-Clearcreek Local School District (the "Sponsor") dated March 20, 2004. Actual operations began during the fiscal year ended June 30, 2005.

Reporting Entity

The reporting entity is comprised of the primary government, component units and other organizations that are included to insure that the financial statements of the Community School are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the Community School. For Amanda-Clearcreek Community School, this is the general operations.

Component units are legally separate organizations for which the Community School is financially accountable. The Community School is financially accountable for an organization if the Community School appoints a voting majority of the organization's governing board and (1) the Community School is able to significantly influence the programs or services performed or provided by the organization; or (2) the Community School is legally entitled to or can otherwise access the organization's resources; the Community School is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the Community School is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the Community School in that the Community School approves the budget, the issuance of debt or the levying of taxes. The Community School has no component units, however, the Community School is a component unit of the Amanda-Clearcreek Local School District.

The Community School is associated with two organizations, one of which is defined as a jointly governed organization and one as a group purchasing pool. These organizations are the Metropolitan Educational Council (MEC) and the Ohio School Boards Association Workers' Compensation Group Rating Plan. These organizations are presented in Notes 9 and 10 to the basic financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Amanda-Clearcreek Community School have been prepared in conformity with the 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 Community School also applies Financial Accounting Standards Board (FASB) statements and interpretation issued on or before November 30, 1989, to its basic financial statements, provided they do not conflict with or contradict GASB pronouncements. The Community School has elected not to apply FASB pronouncements and interpretations issued after November 30, 1989. Following are the more significant of the Community School's accounting policies.

AMANDA-CLEARCREEK COMMUNITY SCHOOL

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008*

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

A. Basis of Presentation

The Community School's basic financial statement consists of a statement of net assets; a statement of revenues, expenses, and changes in net assets; and a statement of cash flows.

The Community School uses a single enterprise presentation for its financial records. Enterprise reporting focuses on the determination of operating income, changes in net assets, financial position, and cash flows.

B. Measurement Focus

Enterprise accounting uses a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities are included on the statement of net assets. Statement of revenues, expenses and changes in net assets present increases (i.e., revenues) and decreases (i.e., expenses) in total net assets. Basis of accounting refers to when revenues and expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made. The accrual basis of accounting is utilized for reporting purposes. Revenues are recognized when they are earned, and expenses are recognized when they are incurred.

C. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. The Community Schools's financial statements are prepared using the accrual basis of accounting. 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. Revenue resulting from the nonexchange transactions, in which the Community School receives value without directly giving equal value in return, such as grants and entitlements, are recognized in the period in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the period when the resources are required to be used or the period when use is first permitted, matching requirements, in which the Community School must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the Community School on a reimbursement basis. Expenses are recognized at the time they are incurred.

D. Cash and Cash Equivalents

To improve cash management, cash received by the Community School is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the Community School 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 during fiscal year 2008 amounted to \$1,342.

E. Restricted Assets

Assets are reported as restricted when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors or laws of other governments or imposed by enabling legislation.

AMANDA-CLEARCREEK COMMUNITY SCHOOL

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008*

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

F. Capital Assets

Capital assets are associated with and generally arise from business type activities. These assets generally result from expenditures in the enterprise funds. These assets are reported in the business type activities column of the government-wide statement of net assets.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The Community School maintains a capitalization threshold of one thousand dollars. The Community School 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 are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Estimated Lives</u>
Furniture, Fixtures and Equipment	5 - 10 years

G. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets are reported net of accumulated depreciation. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the Community School or through external restrictions imposed by creditors, grantors or laws, or regulations of other governments.

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

H. Budgetary Process

Unlike other public schools located in the State of Ohio, community schools are not required to follow the budgetary provisions set forth in Ohio Revised Code Chapter 5705, unless specifically provided by the Community School's contract with its Sponsor. The contract between the Community School and its Sponsor prescribes an annual budget requirement as part of preparing a five year forecast, which is updated on an annual basis.

I. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the Community School. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the Community School. All revenues and expenditures not meeting this definition are reported as nonoperating.

J. Estimates

The preparation of financial statements in conformity with the 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.

AMANDA-CLEARCREEK COMMUNITY SCHOOL

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008*

NOTE 3 - NEW GASB PRONOUNCEMENT

For fiscal year 2008, the Community School implemented GASB Statement No. 48, "Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues", and GASB No. 50, "Pension Disclosures", an amendment of GASB Statements No. 25 and No. 27. The implementation of GASB Statement No. 48 and 50 had some effect on the disclosure requirements, however, there was no effect on the prior period fund balances of the Community School.

NOTE 4 - DEPOSITS AND INVESTMENTS

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 Community School'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 Community School.

At June 30, 2008, the carrying amount of all Community School deposits was \$104,498. Based on the criteria described in GASB Statement No. 40, "Deposit and Investment Risk Disclosures", as of June 30, 2008, \$5,406 of the Community School's bank balance of \$105,406 was exposed to custodial risk as discussed above while \$100,000 was covered by Federal Deposit Insurance. The \$5,406 exposed to custodial risk was collateralized with securities held by the Community School or its agent in the Community School's name.

At June 30, 2008, the Community School had no investments.

There are no significant statutory restrictions regarding the deposit and investment of funds by the nonprofit corporation.

NOTE 5 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2008 was as follows:

Asset Category	Balance at July 1, 2007	Transfer/ Additions	Transfer/ Deletions	Balance at June 30, 2008
<i>Depreciable Capital Assets:</i>				
Furniture, Fixtures and Equipment	\$168,137	\$1,089	\$0	\$169,226
Total Capital Assets	168,137	1,089	0	169,226
<i>Accumulated Depreciation:</i>				
Furniture, Fixtures and Equipment	(12,781)	(22,546)	0	(35,327)
Total Accumulated Depreciation	(12,781)	(22,546)	0	(35,327)
Total Capital Assets, Net	\$155,356	(\$21,457)	\$0	\$133,899

AMANDA-CLEARCREEK COMMUNITY SCHOOL

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008*

NOTE 6 - RISK MANAGEMENT

The Community School is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2008, the Community School contracted with a commercial carrier for public official bonds. Coverages provided are as follows:

Public Official Bonds:

Treasurer	\$20,000
Superintendent	10,000
Assistant Treasurer	10,000
Board Members	5,000

Settled claims have not exceeded this commercial coverage in any of the past three years. There has been no significant change in coverage from last year.

For fiscal year 2008, the Community School participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (the "Plan"), an insurance purchasing pool (Note 10). The intent of the Plan is to achieve the benefit of a reduced premium for the Community School by virtue of its grouping and representation with other participants in the Plan. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the Plan. Each participant pays its workers' 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.

AMANDA-CLEARCREEK COMMUNITY SCHOOL

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008*

NOTE 7 - DEFINED BENEFIT PENSION PLANS

School Employees Retirement System

The Community School 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, stand-alone 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 Community School is required to contribute at an actuarially determined rate. The current rate is 14 percent of annual covered payroll. A portion of the Community School's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2007 (the latest information available), 10.68 percent of annual covered salary was 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 Community School's required contribution for pension obligations to SERS for the fiscal years ended June 30, 2008, 2007 and 2006 was \$3,713, \$2,975 and \$2,685; 100 percent has been contributed for fiscal years 2008, 2007 and 2006.

State Teachers Retirement System

The Community School 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, 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.

AMANDA-CLEARCREEK COMMUNITY SCHOOL

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008*

NOTE 7 - DEFINED BENEFIT PENSION PLANS - (Continued)

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

Plan members are required to contribute 10 percent of their annual covered salary and the Community School is required to contribute 14 percent. For fiscal year 2007 (the latest information available), 13 percent of the Community School's contribution was used to fund pension obligations. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The Community School's required contribution for pension obligations to STRS for the fiscal years ended June 30, 2008, 2007 and 2006 was \$710, \$2,481 and \$9,057; 100 percent has been contributed for fiscal years 2008, 2007, and 2006.
Social Security System

Effective June 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, 2008, no members of the Board of Directors have elected Social Security. The Board's liability is 6.2 percent of wages paid.

NOTE 8 - POSTEMPLOYMENT BENEFITS

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

The State Teachers Retirement Board has statutory authority over how much, if any, of the associated health care costs will be absorbed by STRS Ohio. All benefit recipients, for the most recent year, pay a portion of the health care costs in the form of a monthly premium.

STRS Ohio issues a stand-alone financial report that includes financial information for the health care plan. Interested parties can view the most recent *Comprehensive Annual Financial Report* at www.strsoh.org or obtain a copy by calling (888) 227-7877.

Funding Policy - Under Ohio law, funding for postemployment health care may be deducted from employer contributions. Of the 14 percent employer contribution rate, 1 percent of covered payroll was allocated to post-employment health care for the years ended June 30, 2008, 2007 and 2006. The 14 percent contribution is the maximum rate allowed under Ohio law.

All STRS benefit recipients pay a portion of the health care cost in the form of a monthly premium. The Districts' contributions allocated to fund postemployment health care benefits for the years ended June 30, 2008, 2007, and 2006 were \$847, \$962 and \$697 respectively; 100 percent has been contributed for years 2008, 2007, and 2006.

AMANDA-CLEARCREEK COMMUNITY SCHOOL

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008*

NOTE 8 - POSTEMPLOYMENT BENEFITS - (Continued)

STRS pays health care benefits from the Health Care Stabilization Fund. The balance in the Fund was \$4.1 billion at June 30, 2007 (the latest information year available). For the year ended June 30, 2007, net health care costs paid by STRS were \$265,558,000 and STRS had 122,934 eligible benefit recipients.

Health Care Plan - Ohio law authorizes SERS Ohio to offer health care benefits to eligible retirees and beneficiaries. SERS' Retirement Board reserves the right to change or discontinue any health plan or program. SERS offers several types of health plans from various vendors, including HMO's, PPO's and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively.

The Ohio Revised Code (ORC) postemployment benefits through employer contributions. Active members do not make contributions to the postemployment benefit plans.

The Health Care Fund was established under, and is administrated in accordance with Internal Revenue Code 401(h). Each year after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer 14 percent contribution to the Health Care Fund. At June 30, 2007, the health care allocation was 3.32 percent. The actuarially required contributions (ARC), as of June 30, 2007 annual valuation was 11.50 percent of covered payroll. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities of the plan over a period not to exceed thirty years. Amanda-Clearcreek Community School contributions for the years ended June 30, 2008, 2007, 2006 were \$51, \$191, and \$697, respectively.

An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2008, the minimum compensation level was established at \$35,800.

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

The financial reports of SERS' Health Care and Medicare B plans are included in its *Comprehensive Annual Financial Report*. The report can be obtained by contacting SERS, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling toll free (800) 878-5853. It is also posted on SERS' website at www.ohsers.org under *Forms and Publications*.

AMANDA-CLEARCREEK COMMUNITY SCHOOL

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008*

NOTE 9 - JOINTLY GOVERNED ORGANIZATION

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 Community School does not have an ongoing financial interest in or ongoing financial responsibility for MEC. MEC provides computer services to the Community School.

NOTE 10 - GROUP PURCHASING POOL

Ohio School Boards Association Workers' Compensation Group Rating Plan

The Community School participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Ohio School Boards Association Worker's Compensation Group Rating Plan (the "Plan") was established through the Ohio School Boards Association (OSBA) as a group purchasing pool.

The Plan's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay a enrollment fee to the Plan to cover the costs of administering the program.

NOTE 11 - RELATED PARTY TRANSACTIONS

During fiscal year 2008, Amanda-Clearcreek Local School District provided Administrative services to the Community School. As of June 30, 2008, the Community School has a payable of \$238 due to Amanda-Clearcreek Local School District.

NOTE 12 - SERVICE AGREEMENTS

The Community School Contract between the Community School and Amanda-Clearcreek Local School District states the Community School shall pay to Amanda-Clearcreek Local School District amounts that are mutually agreed including fees for any services provided to the Community School by Amanda-Clearcreek Local School District.

NOTE 13 - CONTINGENCIES

Grants

The Community School received financial assistance from 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 Community School at June 30, 2008.

AMANDA-CLEARCREEK COMMUNITY SCHOOL

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008*

NOTE 13 - CONTINGENCIES - (Continued)

Pending Litigation

A suit was filed in Franklin County Common Pleas Court on May 14, 2001 alleging Ohio's Community (i.e., Charter) Schools program violates the state Constitution and state laws. On April 21, 2003 the court dismissed the counts containing constitutional claims and stayed the other counts pending appeal of the constitutional issues. The plaintiffs appealed to the Court of Appeals, the issues have been briefed, and the case was heard on November 18th, 2003. On August 24, 2004, the Court of Appeals rendered a decision that Community Schools are part of the state public educational system and this matter was sent to the Ohio Supreme Court. The effect of this suit, if any, on the Community School is not presently determinable.

School Funding

The Ohio Department of Education conducts reviews of enrollment data and full-time equivalency (FTE) calculations made by the schools. These reviews are conducted to ensure the schools are reporting accurate student enrollment data to the State, upon which state foundation funding is calculated. ODE has not yet conducted a review of the Community School's 2008 student enrollment data and FTE calculations. For the year ended 2008, the Community School does not anticipate revenue adjustments based on the results of any such review.

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

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

Board of Directors
Amanda Clearcreek Community School
Amanda, Ohio 43102

We have audited the financial statements of the of the Amanda Clearcreek Community School, Fairfield County, Ohio, a component unit of Amanda Clearcreek Local School District, as of and for the year ended June 30, 2008, and have issued our report thereon dated November 19, 2008. 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 Community School'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 School's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the School'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 School'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 School's financial statements that is more than inconsequential will not be prevented or detected by the School'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 School'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 Community School'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 School's Board of Education, management, and Auditor of State, and is not intended to be and should not be used by anyone other than these specified parties.

Wolfe, Wilson, & Phillips, Inc.
Zanesville, Ohio
November 19, 2008

AMANDA CLEARCREEK COMMUNITY SCHOOL

SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A-133 SECTION 315(b)

June 30, 2008

Finding Number	Finding Summary	Fully Corrected	Not Corrected, Partially Corrected Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2007-01	Prior Period Adjustment	Yes	Finding No Longer valid



Mary Taylor, CPA
Auditor of State

AMANDA CLEARCREEK COMMUNITY SCHOOL

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 13, 2009**