



Mary Taylor, CPA
Auditor of State

**CLARK-SHAWNEE LOCAL SCHOOL DISTRICT
CLARK COUNTY**

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Clark-Shawnee Local School District
Clark County
3680 Selma Road
Springfield, Ohio 45502

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Clark-Shawnee Local School District, Clark County, (the District), as of and for the year ended June 30, 2009, 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 opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe 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 governmental activities, each major fund, and the aggregate remaining fund information of Clark-Shawnee Local School District, Clark County, as of June 30, 2009, and the respective changes in financial position, thereof and the 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 our report dated January 27, 2010, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

One First National Plaza / 130 W. Second St. / Suite 2040 / Dayton, OH 45402
Telephone: (937) 285-6677 (800) 443-9274 Fax: (937) 285-6688
www.auditor.state.oh.us

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements. The Federal Awards Receipts and Expenditures Schedule is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. We subjected the Federal Awards Receipts and Expenditures 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.

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

Mary Taylor, CPA
Auditor of State

January 27, 2010

**CLARK-SHAWNEE LOCAL SCHOOL DISTRICT
CLARK COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(UNAUDITED)**

The discussion and analysis of Clark-Shawnee Local School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2009. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2009 are as follows:

- In total, net assets for governmental activities increased \$717,408 which represents a 4.7 percent increase from 2008.
- General revenues accounted for \$16,713,053 in revenue or 77 percent of governmental revenues. Program specific revenues in the form of charges for services, operating grants, contributions and interest and capital grants and contributions accounted for \$4,909,067 or 23 percent of governmental revenues of \$21,622,120.
- The School District had \$20,904,712 in governmental expenses; only \$4,909,067 of these expenses was offset by program specific charges for services, grants or contributions. General revenues for governmental activities (primarily taxes and entitlements) of \$16,713,053 also contributed to these programs.
- Among major funds, the General Fund had \$19,041,123 in revenues and \$18,562,646 in expenditures. The General Fund's balance increased \$507,958 from 2008. In March 2008, the School District voters approved a new five year, 2.7 mill emergency operating levy. This increase in property tax revenue, contributed to the increase in fund balance.

Using this Generally Accepted Accounting Principles Report (GAAP)

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Clark-Shawnee 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.

The Statement of Net Assets and Statement of Activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other non-major funds presented in total in one column. In the case of Clark-Shawnee Local School District, the General Fund is the most significant fund.

**CLARK-SHAWNEE LOCAL SCHOOL DISTRICT
CLARK COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(UNAUDITED)
(Continued)**

Reporting the School District as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2009?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current fiscal year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net assets and changes in those assets. This change in net assets is important because it tells the reader that, for the School District as a whole, the financial position of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. Non-financial factors include the School District's property tax base, current property tax laws in Ohio restricting revenue growth, facility condition, required educational programs and other factors.

In the Statement of Net Assets and the Statement of Activities, the School District reports governmental activities where most of the School District's programs and services are reported including instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities. The School District does not have any business-type activities.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins on page 9. Fund financial statements provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund and the Permanent Improvement Capital Projects Fund.

Governmental Funds

Most of the School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at fiscal year-end available for spending in the future periods. 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. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.

**CLARK-SHAWNEE LOCAL SCHOOL DISTRICT
CLARK COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(UNAUDITED)
(Continued)**

The School District as a Whole

Table 1 provides a summary of the School District's net assets for fiscal year 2009 compared to fiscal year 2008:

Table 1		
Net Assets		
	Governmental Activities	
	2008	2009
Assets:		
Current and Other Assets	\$13,333,713	\$14,379,129
Capital Assets	12,300,085	13,116,121
Total Assets	<u>25,633,798</u>	<u>27,495,250</u>
Liabilities:		
Long-Term Liabilities	1,541,506	1,512,571
Other Liabilities	8,931,494	10,104,473
Total Liabilities	<u>10,473,000</u>	<u>11,617,044</u>
Net Assets:		
Invested in Capital Assets, Net of Debt	12,206,529	13,015,206
Restricted	1,779,748	1,294,108
Unrestricted	1,174,521	1,568,892
Total Net Assets	<u>\$15,160,798</u>	<u>\$15,878,206</u>

Total assets increased due to a increase in property taxes receivable. In March 2008, the School District voters approved a new five year, 2.7 mill emergency operating levy. This increase in property tax revenue, contributed to the increase in fund balance.

During 2008, Clark Shawnee had a number of employees retire. As a result, compensated absences, which are a component of long-term liabilities, decreased for 2009.

Two new capital leases for computers were entered into during fiscal year 2009. These are included with long-term liabilities.

Unrestricted net assets, the part of net assets that can be used to finance day-to-day activities without constraints established by grants or legal requirements, of the School District increased by \$394,371.

Restricted net assets decreases can be attributed to net assets restricted for capital outlay. Some of the monies held in prior years were used for fiscal year 2009 projects.

**CLARK-SHAWNEE LOCAL SCHOOL DISTRICT
CLARK COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(UNAUDITED)
(Continued)**

Table 2 shows the changes in net assets for governmental activities for fiscal year 2008 and 2009.

**Table 2
Change in Net Assets**

	2008	2009	Percent Change
Revenues:			
Program Revenues:			
Charges for Services	\$3,683,374	\$3,465,002	-5.93%
Operating Grants and Contributions	1,369,375	1,422,254	3.86%
Capital Grants and Contributions	119,143	21,811	-81.69%
Total Program Revenues	<u>5,171,892</u>	<u>4,909,067</u>	-5.08%
General Revenues:			
Property Taxes	8,061,575	9,190,773	14.01%
Grants and Entitlements Not Restricted	7,059,350	7,380,072	4.54%
All Other	350,463	142,208	-59.42%
Total General Revenues	<u>15,471,388</u>	<u>16,713,053</u>	8.03%
Total Revenues	<u>20,643,280</u>	<u>21,622,120</u>	4.74%
Program Expenses:			
Instruction	12,683,102	12,423,152	-2.05%
Support Services:			
Pupils and Instructional Staff	1,458,266	1,437,382	-1.43%
Board of Education, Administration, Fiscal and Business	2,292,860	2,194,366	-4.30%
Operation and Maintenance of Plant	1,853,883	1,949,892	5.18%
Pupil Transportation	1,018,925	1,086,968	6.68%
Central	65,811	71,134	8.09%
Operation of Non-Instructional Services	890,379	948,524	6.53%
Extracurricular Activities	719,532	790,749	9.90%
Interest and Fiscal Charges	876	2,545	190.53%
Total Expenses	<u>20,983,634</u>	<u>20,904,712</u>	-0.38%
Increase (Decrease) in Net Assets	<u>(\$ 340,354)</u>	<u>\$ 717,408</u>	-310.78%

Governmental Activities

During fiscal year 2008, the School District received a generous donation from two Shawnee High School graduates which caused capital grants and distributions to be higher for 2008 than 2009.

As stated previously, in March 2008, the School District voters approved a new five year, 2.7 mill emergency operating levy, resulting in an increase in property tax revenue.

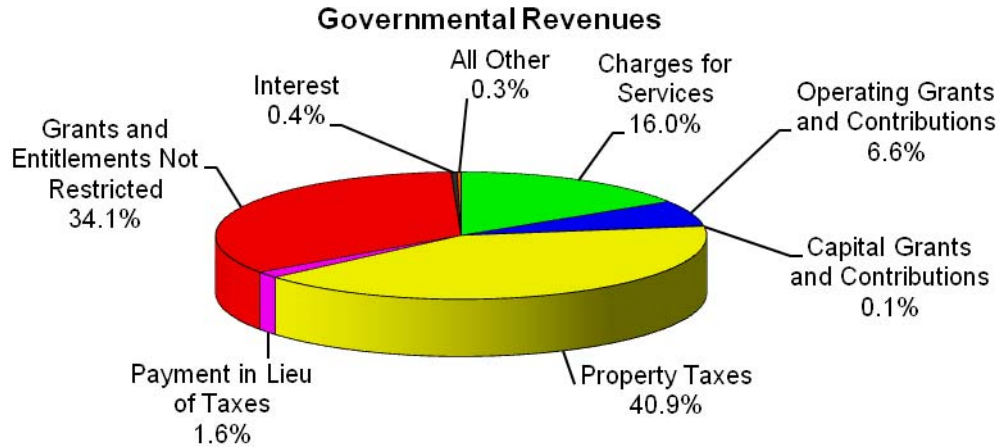
Lower interest revenue and payments in lieu of taxes contributed to the decrease in all other revenue. Interest revenue decreased \$157,509 due to lower interest rates. The School District no longer receives payments in lieu of taxes.

Expenses were closely monitored during fiscal year 2009. As a result, expenses decreased slightly, .38%.

**CLARK-SHAWNEE LOCAL SCHOOL DISTRICT
CLARK COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(UNAUDITED)
(Continued)**

Interest and fiscal charges increased as new capital leases were entered into in both 2008 and 2009.



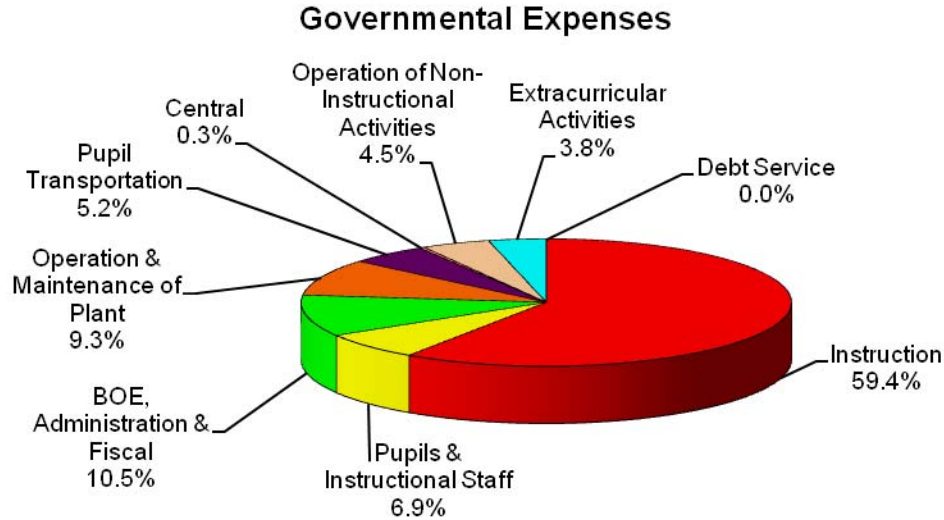
The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for the School District operations. Property taxes made up 40.9 percent of revenues for governmental activities for the Clark-Shawnee Local School District for fiscal year 2009.

The School District continues to collect emergency levy monies in the amount of \$1,300,000 on a levy that was renewed by the voters in 2007. As the board of education and administration realized other factors (i.e. inflationary increases to fringe benefits, gasoline prices and normal increases to salaries) would not allow the School District to continue to operate at the current level without an increase in funding. The board requested an additional emergency levy in March 2008 which would generate \$720,000 for general operating School District costs for calendar years 2009 thru 2013 and it is hoped that barring a catastrophic event the School District should remain in the black until one of the emergency levies expire. As emergency levies are dollar bases, this levy will generate the same property tax revenue each year.

The voters also renewed a 1.9 mill permanent improvement levy in 2007 which generates approximately \$502,165 in property tax revenue per year. These monies are funding large improvements to the five school buildings and the administration has held funds generated in prior years due to a large visual improvement project to the lower hallway and foyer at Shawnee High School. This levy also expires in 2012 and will be used in the nearest future to connect the school buildings to the southwest interceptor as per the agreement between the City of Springfield, Springfield City Schools and Clark-Shawnee Local Schools.

**CLARK-SHAWNEE LOCAL SCHOOL DISTRICT
CLARK COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(UNAUDITED)
(Continued)**



Instruction comprises 59.4 percent of district expenses. Support services expenses make up 32.2 percent of the expenses.

Salary costs increased over the prior year due to the following:

1. A 2.0 percent base salary increase
2. Approximately 1.45 percent in step increases

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services.

Governmental Activities

Table 3 shows the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

Table 3

	Total Cost of Services 2008	Net Cost of Services 2008	Total Cost of Services 2009	Net Cost of Services 2009
Instruction	\$12,683,102	(\$ 9,025,692)	\$12,423,152	(\$ 8,941,909)
Support Services:				
Pupils and Instructional Staff	1,458,266	(1,424,528)	1,437,382	(1,369,648)
Board of Education, Administration, Fiscal and Business	2,292,860	(2,275,029)	2,194,366	(2,180,557)
Operation and Maintenance of Plant	1,853,883	(1,853,883)	1,949,892	(1,910,680)
Pupil Transportation	1,018,925	(1,008,475)	1,086,968	(1,050,610)
Central	65,811	(50,811)	71,134	(56,134)
Operation of Non-Instructional Services	890,379	67,644	948,524	1,276
Extracurricular Activities	719,532	(240,092)	790,749	(484,838)
Interest and Fiscal Charges	876	(876)	2,545	(2,545)
Total Expenses	\$20,983,634	(\$15,811,742)	\$20,904,712	(\$15,995,645)

**CLARK-SHAWNEE LOCAL SCHOOL DISTRICT
CLARK COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(UNAUDITED)
(Continued)**

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and pupil.

Pupils and instructional staff include the activities involved with assisting staff with the content and process of teaching to pupils.

Board of education, administration, fiscal and business includes expenses associated with administrative and financial supervision of the district.

Operation and maintenance of plant activities involve keeping the school grounds, buildings, and equipment in an effective working condition.

Central includes expenses related to planning, research, development and evaluation of support services, as well as the reporting of this information internally and to the public.

Pupil transportation includes activities involved with the conveyance of students to and from school, as well as to and from school activities, as provided by state law.

Operation of non-instructional services includes the preparation, delivery, and servicing of lunches, snacks and other incidental meals to students and school staff in connection with school activities along with after-school activities.

Extracurricular activities includes expense related to student activities provided by the School District which are designed to provide opportunities for pupils to participate in school events, public events, or a combination of these for the purposes of motivation, enjoyment and skill improvement.

Interest and fiscal charges involves the transactions associated with the payment of interest and other related charges to debt of the School District.

The dependence upon tax revenues is apparent. Over 72 percent of instruction activities are supported through taxes and other general revenues; for all activities general revenue support is 77 percent. The community, as a whole, is the primary support for the Clark-Shawnee Local School District.

The School District's Funds

Information about the School District's major funds starts on page 15. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$21,797,304 and expenditures of \$21,835,546. The net change in fund balance for the year was significant in the General Fund as fund balance increased \$507,958. In prior year, the net change in fund balance was a decrease of \$922,064. An emergency levy approved in March 2008 contributed to the increase in fund balance in the General Fund. The Permanent Improvement Fund's fund balance decreased \$440,854 as a result of projects being completed in fiscal year 2009 with monies that were held until monies had accumulated for the projects.

**CLARK-SHAWNEE LOCAL SCHOOL DISTRICT
CLARK COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(UNAUDITED)
(Continued)**

General Fund Budgeting Highlights

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

During the course of fiscal year 2009, the School District amended its General Fund budget numerous times, which resulted in appropriations increasing \$250,856, a 1.4 percent increase. The School District uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management. Prior to fiscal year-end, the School District passed appropriations to match expenditures plus encumbrances for most functions.

For the General Fund, the final budget basis revenue and other financing sources estimate was \$18,491,389. The original budgeted estimate was \$16,667,244. The majority of the increase was increases in anticipated property taxes.

Capital Assets

At the end of fiscal year 2009, the School District had \$13,116,121 invested in governmental land, buildings and improvements, furniture and equipment, and vehicles.

Table 4 shows fiscal year 2009 balances compared to fiscal year 2008.

**Table 4
Capital Assets (Net of Depreciation) at June 30,**

	2008	2009
Land	\$ 641,103	\$ 641,103
Buildings and Improvements	9,155,533	9,856,352
Furniture and Equipment	1,471,339	1,527,589
Vehicles	1,032,110	1,091,077
Totals	\$12,300,085	\$13,116,121

Overall capital assets increased \$816,036 from fiscal year 2008 to fiscal year 2009. The primary increases to capital assets were for buildings and improvements. For more information on capital assets, see Note 8 of the Basic Financial Statements.

At fiscal year-end, the School District had the following contractual purchase commitments:

Vendor	Contract Amount	Expended	Remaining Balance
Miami Valley International	\$147,544		\$147,544
AH Sturgell Roofing	23,160		23,160
Poggemeyer Design Group Inc	49,600	\$33,871	15,729
Capital Aluminum & Glass	101,560	64,262	37,298
Midwest Maintenance Inc	22,585		22,585
Minton Door Service	20,008		20,008
AG Sturgell Roofing	23,475		23,475
	\$387,932	\$98,133	\$289,799

The commitment for Miami Valley International is for the purchase of buses. The Capital Aluminum and Glass commitment is to replace the annex windows at Rockway School.

**CLARK-SHAWNEE LOCAL SCHOOL DISTRICT
CLARK COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(UNAUDITED)
(Continued)**

Debt Administration

The School District paid off its last energy conservation loan in fiscal year 2005.

At the end of fiscal year 2009, the School District had three capital leases to purchase copiers, computers and a postage machine. The amount outstanding on the leases at fiscal year-end was \$100,915.

The School District's overall legal debt margin was \$31,483,992, the energy conservation debt margin was \$3,148,399 and the un-voted debt margin was \$349,822 at June 30, 2009.

For more information on the School District's debt, see Note 15 of the Basic Financial Statements.

Current Financial Issues and Concerns

The Clark-Shawnee Local School District continues to keep a watchful eye on the finances of the School District. State funding to the School District decreased during the fiscal year causing an even greater percentage of the financial burden on the local taxpayer. If not for the acceptance of open enrollment students, the School District would be required to make major cuts to programming. The School District is proud of its community support of the public schools. As a testament to the support of this community, the residents of the School District voted in a new emergency levy in March, 2008. Although the elementary/middle school buildings are extremely old, the School District is able to support their growing needs with permanent improvement monies. The five-year permanent improvement will generate \$502,165 from 2008 through 2012 and will be used for major improvement and renovations to the buildings. The first five-year Emergency Levy, renewed in 2007, will be used through the General Fund for day-to-day expenditures including salaries, fringe benefits, utilities, supplies, and equipment. The newest emergency levy which was passed in March, 2008 is intended to assist the School District in keeping up with inflation.

This School District's administration continues to focus their efforts on improving curriculum delivery through the CSLDS Teacher Leadership and Principal Leadership programs. During the 2008-09 school year the School District once again achieved an "Excellent" rating through the Ohio Department of Education. Additional initiatives through the Future Jobs Grant will allow implementation of engineering curriculum at the middle school with "Gateway to Technology" and at the high school level with "Project Lead the Way". Additional funding through the Springfield Foundation is being sought to strengthen Language Arts at the middle school level. The central office administration, in cooperation with students, parents and teachers are revisiting the School District's Continuous Improvement Plan. Emphasis will be placed on evaluating the status of our buildings to ensure that they will meet the needs of the 21st century technology plan.

In comparison to other school districts in the state, the School District would not be considered a school district suffering with low wealth. This wealth factor, used by the State, is the result of dividing the total value of buildings, land, inventory, and equipment used for production by the student enrollment. Therefore, the School District has not anticipated any meaningful growth in State revenue. The School District continues to see a decline in the personal tangible property base. Of great concern is that 15 percent of the School District's wealth came from business and industry, and the erosion plan could be compromised as the state's general fund continues to fail under pressure.

In conclusion, the Clark-Shawnee Local School District continues to be committed to financial as well as educational excellence. In addition, the School District's system of financial planning, budgeting, and internal financial controls are well regarded. The School District plans to continue its sound fiscal management to meet the challenges of the future.

**CLARK-SHAWNEE LOCAL SCHOOL DISTRICT
CLARK COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(UNAUDITED)
(Continued)**

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Thomas Faulkner, Treasurer at Clark-Shawnee Local School District, 3680 Selma Road, Springfield, Ohio 45502 or email at thomas.faulkner@cslocal.org.

**CLARK-SHAWNEE LOCAL SCHOOL DISTRICT
CLARK COUNTY**

**STATEMENT OF NET ASSETS
JUNE 30, 2009**

	Governmental Activities
Assets:	
Equity in Pooled Cash and Cash Equivalents	\$4,141,323
Accounts Receivable	39,508
Intergovernmental Receivable	323,898
Inventory of Supplies and Materials	46,928
Prepaid Items	21,235
Property Taxes Receivable	9,801,237
Cash and Cash Equivalents	
With Fiscal Agents	5,000
Depreciable Capital Assets, Net	12,475,018
Land	641,103
Total Assets	27,495,250
Liabilities:	
Accounts Payable	96,054
Contracts Payable	7,239
Accrued Wages and Benefits Payable	1,873,664
Intergovernmental Payable	623,711
Matured Compensated Absences Payable	65,682
Deferred Revenue	7,411,656
Vacation Leave Payable	21,467
Matured Bond Payable	5,000
Long Term Liabilities:	
Due Within One Year	126,543
Due In More Than One Year	1,386,028
Total Liabilities	11,617,044
Net Assets:	
Invested in Capital Assets, Net of Related Debt	13,015,206
Restricted for:	
Capital Projects	1,128,032
Other Purposes	138,762
Bus Purchases	27,314
Unrestricted	1,568,892
Total Net Assets	\$15,878,206

See accompanying notes to the basic financial statements.

**CLARK-SHAWNEE LOCAL SCHOOL DISTRICT
CLARK COUNTY**

**STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	Program Revenues			Net (Expense) Revenue and Changes In Net Assets	
	Expenses	Charges for Services and Sales	Operating Grants Contributions and Interest	Capital Grants and Contributions	Total Governmental Activities
Governmental Activities					
Instruction:					
Regular	\$9,731,365	\$2,517,092	\$146,098		(\$7,068,175)
Special	2,133,356		803,328		(1,330,028)
Vocational	208,560		14,725		(193,835)
Adult/Continuing	24,760				(24,760)
Other	325,111				(325,111)
Support Services:					
Pupils	818,744				(818,744)
Instructional Staff	618,638		67,734		(550,904)
Board of Education	104,144				(104,144)
Administration	1,588,650	7,033	6,776		(1,574,841)
Fiscal	483,995				(483,995)
Business	17,577				(17,577)
Operation and Maintenance of Plant	1,949,892	23,385	15,827		(1,910,680)
Pupil Transportation	1,086,968	6,673	7,874	\$21,811	(1,050,610)
Central	71,134		15,000		(56,134)
Operation of Non-Instructional Services	948,524	618,261	331,539		1,276
Extracurricular Activities	790,749	292,558	13,353		(484,838)
Interest and Fiscal Charges	2,545				(2,545)
Total	<u>\$20,904,712</u>	<u>\$3,465,002</u>	<u>\$1,422,254</u>	<u>\$21,811</u>	<u>(15,995,645)</u>
General Revenues:					
Property Taxes Levied for:					
					8,842,931
					347,842
					7,380,072
					4,544
					84,684
					52,980
					<u>16,713,053</u>
					717,408
					<u>15,160,798</u>
					<u>\$15,878,206</u>

See accompanying notes to the basic financial statements.

**CLARK-SHAWNEE LOCAL SCHOOL DISTRICT
CLARK COUNTY**

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2009**

	General	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$2,722,519	\$1,058,581	\$332,909	\$4,114,009
Receivables:				
Property Taxes	9,340,777	460,460		9,801,237
Accounts	32,791	4,544	2,173	39,508
Intergovernmental	276,094		47,804	323,898
Inventory of Supplies and Materials	33,468		13,460	46,928
Prepaid Items	17,544		3,691	21,235
Cash and Cash Equivalents With Fiscal Agents			5,000	5,000
Restricted Asset:				
Equity in Pooled Cash and Cash Equivalents	27,314			27,314
Total Assets	12,450,507	1,523,585	405,037	14,379,129
Liabilities and Fund Balances:				
Liabilities:				
Accounts Payable	82,735		13,319	96,054
Contracts Payable		7,239		7,239
Matured Compensated Absences Payable	65,682			65,682
Accrued Wages and Benefits Payable	1,766,016		107,648	1,873,664
Intergovernmental Payable	565,389		58,322	623,711
Deferred Revenue	8,316,915	389,629	25,798	8,732,342
Matured Bond Payable			5,000	5,000
Total Liabilities	10,796,737	396,868	210,087	11,403,692
Fund Balances:				
Reserved for Encumbrances	219,072	270,082	84,883	574,037
Reserved for Property Taxes	1,920,250	97,031		2,017,281
Reserved for School Bus Purchases	27,314			27,314
Unreserved, Undesignated, Reported in:				
General Fund (Deficit)	(512,866)			(512,866)
Special Revenue Funds			110,067	110,067
Capital Projects Funds		759,604		759,604
Total Fund Balances	1,653,770	1,126,717	194,950	2,975,437
Total Liabilities and Fund Balances	\$12,450,507	\$1,523,585	\$405,037	\$14,379,129

See accompanying notes to the basic financial statements.

**CLARK-SHAWNEE LOCAL SCHOOL DISTRICT
CLARK COUNTY**

**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2009**

Total Governmental Fund Balances	\$2,975,437
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:

Land	\$641,103	
Building and Improvements	13,408,434	
Furniture and Equipment	2,781,259	
Vehicles	2,033,326	
Accumulated Depreciation	<u>(5,748,001)</u>	13,116,121
Total Capital Assets		

Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds:

Property Taxes Receivable	1,015,314	
Accounts Receivable	6,160	
Intergovernmental Receivable	<u>299,212</u>	1,320,686

Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:

Capital Leases Payable	(100,915)	
Vacation Leave Payable	(21,467)	
Compensated Absences Payable	<u>(1,411,656)</u>	<u>(1,534,038)</u>

Net Assets of Governmental Activities	<u><u>\$15,878,206</u></u>
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See accompanying notes to the basic financial statements.

**CLARK-SHAWNEE LOCAL SCHOOL DISTRICT
CLARK COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	<u>General</u>	<u>Permanent Improvement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
Property Taxes	\$8,833,149	\$350,171		\$9,183,320
Tuition and Fees	2,635,251			2,635,251
Interest	82,269	2,415	\$1,085	85,769
Intergovernmental	7,364,232	120,500	1,338,805	8,823,537
Extracurricular Activities			292,558	292,558
Charges for Services	26,660		632,750	659,410
Gifts and Donations		4,544	13,353	17,897
Rent	9,175			9,175
Miscellaneous	90,387			90,387
Total Revenues	<u>19,041,123</u>	<u>477,630</u>	<u>2,278,551</u>	<u>21,797,304</u>
Expenditures:				
Current:				
Instruction:				
Regular	9,764,047	2,143	147,246	9,913,436
Special	1,352,614		776,491	2,129,105
Vocational	200,495			200,495
Adult/Continuing	24,760			24,760
Other	325,111			325,111
Support Services:				
Pupils	741,600			741,600
Instructional Staff	604,587		57,676	662,263
Board of Education	104,144			104,144
Administration	1,596,396		28,712	1,625,108
Fiscal	490,102	8,973	3,791	502,866
Business	17,577			17,577
Operation and Maintenance of Plant	1,774,333	11,280	14,210	1,799,823
Pupil Transportation	984,831			984,831
Central	55,222		15,912	71,134
Operation of Non-Instructional Services	11,560		961,515	973,075
Extracurricular Activities	425,967		328,019	753,986
Capital Outlay	51,164	909,557		960,721
Debt Service:				
Principal Retirement	35,591	7,375		42,966
Interest and Fiscal Charges	2,545			2,545
Total Expenditures	<u>18,562,646</u>	<u>939,328</u>	<u>2,333,572</u>	<u>21,835,546</u>
Excess of Revenues Over (Under) Expenditures	478,477	(461,698)	(55,021)	(38,242)
Other Financing Source:				
Inception of Capital Lease	29,481	20,844		50,325
Net Change in Fund Balances	507,958	(440,854)	(55,021)	12,083
Fund Balances at Beginning Of Year - Restated (Note 20)	<u>1,145,812</u>	<u>1,567,571</u>	<u>249,971</u>	<u>2,963,354</u>
Fund Balances at End of Year	<u>\$1,653,770</u>	<u>\$1,126,717</u>	<u>\$194,950</u>	<u>\$2,975,437</u>

See accompanying notes to the basic financial statements.

**CLARK-SHAWNEE LOCAL SCHOOL DISTRICT
CLARK COUNTY**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENTS OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

Net Change in Fund Balances - Total Governmental Funds \$12,083

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. In the current period, these amounts are:

Capital Outlay	\$1,392,080	
Depreciation Expense	(540,090)	
Excess of Capital Outlay over Depreciation Expense		851,990

The proceeds from the sale of capital assets are reported as an other financing source in the governmental funds. However, the cost of the capital assets is removed from the capital assets account on the statement of net assets and is offset against the proceeds from the sale of capital assets resulting in a loss on disposal of capital assets on the statement of activities.

Loss on Disposal of Capital Assets		(35,954)
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Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. In the current fiscal year, these amounts consist of:

Capital Lease Payments		42,966
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Some revenues that will not be collected for several months after the School District's fiscal year-end are not considered "available" revenues and are deferred in the governmental funds. Deferred revenues decreased by this amount this year.

Property Taxes	90,367	
Payment in Lieu of Taxes	(82,914)	
Tuition and Fees	(13,937)	
Intergovernmental Grants	(137,926)	(144,410)

Some capital additions were financed through capital leases. In governmental funds, a capital lease arrangement is considered a source of financing, but in the statement of net assets, the lease obligation is reported as a liability.

(50,325)

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:

Decrease in Compensated Absences	36,294	
Decrease in Vacation Leave Payable	4,764	
		41,058

Change in Net Assets of Governmental Activities		\$717,408
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See accompanying notes to the basic financial statements.

**CLARK-SHAWNEE LOCAL SCHOOL DISTRICT
CLARK COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET (NON-GAAP BASIS) AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	<u>Budgeted Amounts</u>			<u>Variance With Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
Property Taxes	\$6,529,680	\$8,286,065	\$8,286,065	
Tuition and Fees	2,408,297	2,355,631	2,355,631	
Interest	97,398	95,268	95,268	
Intergovernmental	7,528,879	7,364,232	7,364,232	
Charges for Services	27,256	26,660	26,660	
Rent	9,380	9,175	9,175	
Miscellaneous	66,354	64,903	64,903	
Total Revenues	<u>16,667,244</u>	<u>18,201,934</u>	<u>18,201,934</u>	
Expenditures:				
Current:				
Instruction:				
Regular	9,713,740	9,943,981	9,943,981	
Special	1,292,615	1,351,400	1,351,400	
Vocational	195,968	200,260	200,260	
Adult/Continuing	35,000	24,760	24,760	
Other	275,000	325,111	325,111	
Support Services:				
Pupils	758,170	733,634	733,634	
Instructional Staff	619,062	616,067	616,067	
Board of Education	98,300	83,882	83,882	
Administration	1,578,391	1,616,268	1,616,268	
Fiscal	492,050	516,677	516,677	
Business	17,000	15,044	15,044	
Operation and Maintenance of Plant	1,706,770	1,772,221	1,772,221	
Pupil Transportation	1,143,808	1,045,372	1,045,372	
Central	58,200	55,354	55,354	
Operation of Non-Instructional Services	9,000	9,587	9,587	
Extracurricular Activities	502,638	425,683	424,858	\$825
Capital Outlay	29,282	23,032	21,683	1,349
Total Expenditures	<u>18,524,994</u>	<u>18,758,333</u>	<u>18,756,159</u>	<u>2,174</u>
Excess of Revenues Under Expenditures	<u>(1,857,750)</u>	<u>(556,399)</u>	<u>(554,225)</u>	<u>2,174</u>
Other Financing Sources (Uses):				
Refund of Prior Year Expenditure		289,455	289,455	
Refund of Prior Year Receipts		(17,517)	(17,517)	
Total Other Financing Sources (Uses)		<u>271,938</u>	<u>271,938</u>	
Net Change in Fund Balances	(1,857,750)	(284,461)	(282,287)	2,174
Fund Balance at Beginning of Year	2,444,547	2,444,547	2,444,547	
Prior Year Encumbrances Appropriated	312,850	312,850	312,850	
Fund Balance at End of Year	<u>\$899,647</u>	<u>\$2,472,936</u>	<u>\$2,475,110</u>	<u>\$2,174</u>

See accompanying notes to the basic financial statements.

**CLARK-SHAWNEE LOCAL SCHOOL DISTRICT
CLARK COUNTY**

**STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2009**

	Private Purpose Trust	
	Scholarship	Agency
Assets:		
Equity in Pooled Cash and Cash Equivalents	\$82,750	\$48,342
Liabilities:		
Accounts Payable		859
Due to Students		47,483
Total Liabilities		\$48,342
Net Assets:		
Held in Trust for Scholarships	\$82,750	

See accompanying notes to the basic financial statements.

**CLARK-SHAWNEE LOCAL SCHOOL DISTRICT
CLARK COUNTY**

**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

	Private Purpose Trust
	Scholarship
Additions:	
Interest	\$2,122
Miscellaneous	3,091
Total Additions	5,213
 Deductions:	
Scholarships Awarded	18,075
 Change in Net Assets	(12,862)
 Net Assets Beginning of Year	95,612
 Net Assets End of Year	\$82,750

See accompanying notes to the basic financial statements.

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**CLARK-SHAWNEE LOCAL SCHOOL DISTRICT
CLARK COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Clark-Shawnee Local School District (the "School District") is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The School District operates under a locally-elected Board form of government and provides educational services as mandated by State statute and federal guidelines.

The School District was established in 1858 through the consolidation of existing land areas and school districts. It was formerly named Springfield Local School District. The School District serves an area of approximately 36 square miles. It is located in Clark County, and includes all of Springfield Township. It is staffed by 102 non-certificated employees and 146 certificated full-time teaching personnel who provide services to 2,370 students and other community members. The School District currently operates one kindergarten building, three elementary/middle schools (1-8) and a high school (9-12).

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

Parochial Schools - Within the School District boundaries, Risen Christ Lutheran and Twin Oaks School are operated as private schools. Current State legislation provides funding to these parochial schools. These monies are received and disbursed on behalf of the parochial school by the Treasurer of the School District, as directed by the parochial school. This activity is reflected as a government activity for financial reporting purposes.

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

The School District participates in five jointly governed organizations and two insurance purchasing pools. These organizations are discussed in Note 16 to the basic financial statements. These organizations are:

Jointly Governed Organizations:
Miami Valley Educational Computer Association
Southwestern Ohio Educational Purchasing Council
Southwestern Ohio Instructional Technology Association
Clark County Family and Children First Council
Springfield-Clark Career Technology Center

**CLARK-SHAWNEE LOCAL SCHOOL DISTRICT
CLARK COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

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

Insurance Purchasing Pools:

- Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan
- Southwestern Ohio Educational Purchasing Council Medical Benefits Plan

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of Clark-Shawnee Local School 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 School 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 most significant of the School District's accounting policies are described below.

A. Basis of Presentation

The School District's basic financial statements consist of government-wide 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.

1. Government-wide Financial Statements:

The statement of net assets and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The government-wide financial statements distinguish between those activities that are governmental and those that are business-type. The School District, however, has no activities which are reported as business-type.

The statement of net assets presents the financial condition of the governmental activities of the School District at fiscal year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School 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 and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the School District. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School District.

2. Fund Financial Statements:

During the fiscal year, the School District segregates transactions related to certain School 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 School District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. The fiduciary funds are reported by type.

**CLARK-SHAWNEE LOCAL SCHOOL DISTRICT
CLARK COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Fund Accounting

The School District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The School District divides its funds into two categories: governmental and fiduciary.

1. Governmental Funds:

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses 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 School District's major governmental funds:

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

Permanent Improvement Capital Projects Fund - The permanent improvement capital projects fund accounts for a voted property tax levy to be used for the acquisition, construction, or improvement of capital facilities.

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

2. Fiduciary Fund Types:

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 School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. The School District's only trust fund is a private purpose trust which accounts for a college scholarship program for students. The agency fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations. The School District's agency fund accounts for those student activity programs which have student participation in the activity and have students involved in the management of the program. This fund typically includes those student activities which consist of a student body, student president, student treasurer, and faculty advisor.

C. Measurement Focus

1. 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 School District are included on the Statement on Net Assets. The Statement of Activities accounts for increases (i.e., revenues) and decreases (i.e., expenses) in total net assets.

**CLARK-SHAWNEE LOCAL SCHOOL DISTRICT
CLARK COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. 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 balances 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.

The private purpose trust fund is reported using the economic resources measurement focus.

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 are prepared using the accrual basis of accounting. Fiduciary funds also use 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.

1. Revenues - Exchange and Non-exchange 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. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within sixty days of fiscal year-end.

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. 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 fiscal year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange 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 fiscal year-end: property taxes available as an advance, grants, tuition, and student fees.

**CLARK-SHAWNEE LOCAL SCHOOL DISTRICT
CLARK COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. 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, 2009, but which were levied to finance fiscal year 2010 operations, have been recorded as deferred revenue. Grants and entitlements from other school districts 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.

3. 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. Allocation of costs, such as depreciation and amortization are not recognized in governmental funds.

E. Cash and Cash Equivalents

To improve cash management, all cash received by the School District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through School District records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents."

The School District utilizes a financial institution to service bonded debt as principal and interest payments come due. The balance in this account is presented as "Cash and Cash Equivalents with Fiscal Agents" and represents deposits.

During fiscal year 2009, the School District invested in U.S. Treasury Bills, Fannie Mae Discount Notes, Federal Home Loan Bank Discount Notes, Fifth Third Institutional Government Money Market Fund and the State Treasury Assets Reserve of Ohio (STAR Ohio).

Investments are reported at fair value which for mutual funds is based on current share price. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 2009.

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 2009 amounted to \$82,269, which includes \$27,917 assigned from other School District funds.

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are reported as cash equivalents.

**CLARK-SHAWNEE LOCAL SCHOOL DISTRICT
CLARK COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Inventory

Inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used.

Inventory consists of expendable supplies held for consumption and purchased and donated food held for resale.

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2009, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the fiscal year in which services are consumed.

H. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, laws of other governments, or imposed by enabling legislation. Restricted assets in the general fund include unexpended revenues restricted for the purchase of school buses.

I. Capital Assets

The School District's only capital assets are general capital assets. 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 retirements during the fiscal year. Donated fixed assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of five hundred dollars. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets except for land 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>
Buildings and Improvements	20-100 years
Furniture and Equipment	10-20 years
Vehicles	18 years

J. Accrued Liabilities and Long-term Obligations

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

**CLARK-SHAWNEE LOCAL SCHOOL DISTRICT
CLARK COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

In general, 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 governmental funds. However, compensated absences 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 during the current fiscal year. Capital leases are recognized as a liability in the fund financial statements when due.

K. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. The School 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 School District has identified as probable of receiving payment 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 School District's termination policy. The School District records a liability for accumulated unused sick leave for all employees after fifteen years of service with the State Teachers Retirement System of Ohio (STRS Ohio) or the School Employees Retirement System (SERS).

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

On governmental fund financial statements, compensated absences are reported as liabilities and expenditures to the extent 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 funds from which the employees will be paid.

L. Fund Balance Reserves

The School District reserves those portions of fund equity 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, property taxes, and school bus purchases.

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

M. 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 School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net assets restricted for other purposes include activities for food service operations, music and athletic programs, debt service, and federal and state grants restricted to expenditures for specified purposes.

**CLARK-SHAWNEE LOCAL SCHOOL DISTRICT
CLARK COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The School District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available. None of the restricted net assets were restricted by enabling legislation.

N. Interfund Activity

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 fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds and are eliminated on the statement of activities. 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 the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

P. Budgetary Data

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 object level within each fund and function. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

The certificate of estimated resources may be amended during the fiscal year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original 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 2009. Prior to fiscal year-end, the School District requested and received an amended certificate of estimated resources that reflected actual revenue for the fiscal year in the general fund which was in effect at the time the final appropriations were passed by the Board of Education.

The appropriation resolution is subject to amendment by the Board throughout the fiscal 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 fiscal years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the fiscal year which matched actual expenditures plus encumbrances at fiscal year-end.

**CLARK-SHAWNEE LOCAL SCHOOL DISTRICT
CLARK COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

3. FUND DEFICIT

The lunchroom special revenue fund had a deficit fund balance at June 30, 2009, of \$7,909. The general fund is liable for any deficit in this fund and will provide operating transfers when cash is required, not when accruals occur.

4. BUDGETARY BASIS OF ACCOUNTING

While the School District is reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP basis), the budgetary basis as provided by law 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 Balances - Budget (Non-GAAP Basis) and Actual presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are as follows:

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures are recorded when paid in cash (budget) as opposed to when the fund liability is incurred (GAAP).
3. Encumbrances are treated as expenditures (budget) rather than as a reservation of fund balance (GAAP).
4. The change in the fair market value of investments is not included as revenue on the budget basis operating statement. This amount is included as revenue on the GAAP basis operating statements.

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general fund.

Net Change in Fund Balance	
	General
GAAP Basis	\$507,958
Net Adjustment for Revenue Accruals	(616,577)
Net Adjustment for Expenditure Accruals	28,676
Change in Fair Value FY 08	18,566
Change in Fair Value FY 09	(5,567)
Prepaid Items	53,844
Encumbrances	(269,187)
Budget Basis	(\$282,287)

**CLARK-SHAWNEE LOCAL SCHOOL DISTRICT
CLARK COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

5. DEPOSITS AND INVESTMENTS

State statutes classify monies held by the School 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 School District Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive monies are public deposits that the Board of Education has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including but not limited to passbook accounts.

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

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 are to be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
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) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);

**CLARK-SHAWNEE LOCAL SCHOOL DISTRICT
CLARK COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

5. DEPOSITS AND INVESTMENTS (Continued)

7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one 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.

A. Deposits

Custodial credit risk is the risk that in the event of bank failure, the government's deposits may not be returned to it. The School District has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or protected by eligible securities pledged to and deposited either with the School District or a qualified trustee by the financial institution in security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least 105 percent of the deposits being secured.

At fiscal year-end, the carrying amount of the School District's deposits was \$417,815 and the bank balance was \$624,382. \$505,000 of the School District's deposits was insured by federal depository insurance. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2009, \$119,382 of the School District's bank balance of \$624,382 was exposed to custodial risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the School District's name.

B. Investments

At June 30, 2009, the School District had the following investments:

<u>Investment</u>	<u>Maturity</u>	<u>Fair Value</u>
Fannie Mae Discount Notes	2009	\$ 459,734
Fannie Mae Discount Notes	2010	424,107
Federal Home Loan Bank Discount Notes	2009	269,704
US Treasury Bills	2009	99,845
Fifth Third Institutional Government Money Market Mutual Fund	53 days	1,069,524
STAR OHIO	58.1 days	1,536,686
Total		<u>\$3,859,600</u>

Interest Rate Risk - The Ohio Revised Code generally limits security purchases to those that mature within five years of the settlement date. The School District's investment policy does not further limit its investment choices.

Credit Risk – State law limits investments in commercial paper and corporate bonds to the top two ratings issued by nationally recognized statistical rating organizations. The School District's investment policy does not further limit its investment choices. The following are the credit ratings for the School District's investments:

**CLARK-SHAWNEE LOCAL SCHOOL DISTRICT
CLARK COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

5. DEPOSITS AND INVESTMENTS (Continued)

<u>Investment</u>	<u>Credit Rating</u>
Fannie Mae Discount Notes	AAA
Federal Home Loan Bank Discount Notes	AAA
US Treasury Bill	AAA
Fifth Third Institutional Government Money Market Mutual Fund	AAAm
STAR Ohio	AAAm

Concentration of Credit Risk - The School District places no limits on the amount the School District may invest in any one issuer. More than 5 percent of the School District's investments are in the following:

<u>Investment</u>	<u>Percent</u>
Fannie Mae Discount Notes	23%
Federal Home Loan Bank Discount Notes	7%
Fifth Third Institutional Government Money Market Mutual Fund	28%
STAR Ohio	40%

Custodial Credit Risk – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in possession of an outside party. The federal agency securities are exposed to custodial credit risk as they are uninsured, unregistered, and held by the counterparty's trust department or agent but not in the School District's name. The School District has no investment policy dealing with custodial credit risk beyond the requirements of State statute which prohibit payment for investments prior to the delivery of the securities representing the investments to the Treasurer or qualified trustee.

6. PROPERTY TAXES

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

Property taxes include amounts levied against all real property, public utility property, and tangible personal (used in business) property located in the School District. Real property tax receipts received in calendar year 2009 represent the collection of calendar year 2008 taxes. Real property taxes received in calendar year 2009 were levied after April 1, 2008, on the assessed values as of January 1, 2008, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax receipts received in calendar year 2008 represent the collection of calendar year 2008 taxes. Public utility real and tangible personal property taxes received in calendar year 2009 became a lien on December 31, 2007, were levied after April 1, 2008, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

**CLARK-SHAWNEE LOCAL SCHOOL DISTRICT
CLARK COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

6. PROPERTY TAXES (Continued)

Tangible personal property tax receipts received in calendar year 2009 (other than public utility property) represent the collection of calendar year 2009 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment and furniture and fixtures is no longer levied and collected. The October 2008 tangible personal property tax settlement was the last property tax settlement for general personal property taxes. Tangible personal property taxes received from telephone companies in calendar year 2009 were levied on October 1, 2008, on the value as of December 31, 2008. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually.

If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

The School District receives property taxes from Clark County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2009, are available to finance fiscal year 2009 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2009, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue. The amount available as an advance is recognized as revenue. On an accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis the revenue has been deferred.

The amount available as an advance at June 30, 2009, was \$1,920,250 in the general fund and \$97,031 in the permanent improvement capital projects fund. The amount available as an advance at June 30, 2008, was \$839,266 in the general fund and \$44,958 in the permanent improvement capital projects fund.

The assessed values upon which the fiscal year 2009 taxes were collected are:

	2008 Second- Half Collections		2009 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$335,319,740	89.40%	\$338,548,530	96.78%
Public Utility Personal	10,398,830	2.77	10,616,820	3.03
Tangible Personal Property	29,369,951	7.83	656,780	0.19
Total	\$375,088,521	100.00%	\$349,822,130	100.00%
Tax Rate per \$1,000 of Assessed Valuation	\$37.234		\$39.53	

On March 4, 2008, the School District voters approved a new five year, 2.07 mill emergency operating levy.

**CLARK-SHAWNEE LOCAL SCHOOL DISTRICT
CLARK COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

7. RECEIVABLES

Receivables at June 30, 2009, consisted of property taxes, accounts (tuition and student fees) and intergovernmental grants. All receivables are considered collectible in full and will be received within one year. A summary of the principal items of intergovernmental receivables are as follows:

<u>Intergovernmental Receivable</u>	<u>Amounts</u>
Governmental Activities:	
Excess costs from State	\$276,094
Ohio Performance Assessment	25,125
Title I	19,458
Title IIA	3,221
Total	<u>\$323,898</u>

8. CAPITAL ASSETS

Capital asset activity for governmental activities the fiscal year ended June 30, 2009, was as follows:

	Balance 6/30/2008	Additions	Deletions	Balance 6/30/2009
Governmental Assets:				
Capital Assets, not being depreciated:				
Land	\$ 641,103			\$ 641,103
Capital Assets, being depreciated:				
Building and Improvements	12,396,125	\$1,029,119	(\$16,810)	13,408,434
Furniture and Equipment	2,769,775	204,137	(192,653)	2,781,259
Vehicles	1,874,502	158,824		2,033,326
Total Capital Assets, being depreciated	17,040,402	1,392,080	(209,463)	18,223,019
Less: Accumulated Depreciation				
Buildings and Improvements	(3,240,592)	(311,972)	482	(3,552,082)
Furniture and Equipment	(1,298,436)	(128,261)	173,027	(1,253,670)
Vehicles	(842,392)	(99,857)	0	(942,249)
Total Accumulated Depreciation	(5,381,420)	(540,090)	173,509	(5,748,001)
Total Capital Assets, being depreciated, net	11,658,982	851,990	(35,954)	12,475,018
Governmental Activities Capital Assets, net	\$12,300,085	\$851,990	(\$35,954)	\$13,116,121

* Depreciation expense was charged to governmental functions as follows:

**CLARK-SHAWNEE LOCAL SCHOOL DISTRICT
CLARK COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

8. CAPITAL ASSETS (Continued)

Instruction:	
Regular	\$59,672
Special	1,215
Vocational	35
Support Services:	
Pupils	407
Instructional Staff	2,891
Administration	14,152
Fiscal	1,595
Operation and Maintenance of Plant	340,691
Transportation	90,137
Operation of Non-Instructional Services	3,375
Extracurricular Activities	25,920
	<u>\$540,090</u>

9. RISK MANAGEMENT

A. Property and Liability

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. During fiscal year 2009, the School District contracted with Arthur Gallagher Risk Management Services Inc. through the Southwestern Ohio Purchasing Council for liability, property, crime, and fleet insurance.

Coverage provided is as follows:

Building and Contents-replacement cost (\$1,000 deductible)	\$300,000,000
Boiler and Machinery (\$2,500 deductible)	50,000,000
Crime Insurance	500,000
Automobile Liability (\$1,000 deductible)	1,000,000
General Liability	
Per occurrence	1,000,000
Total per year	3,000,000

Settled claims have not exceeded this commercial coverage in the past three fiscal years. There has been no significant reduction in insurance coverage from last fiscal year.

B. Workers' Compensation

For fiscal year 2009, the School District participated in the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan (GRP), a workers' compensation insurance purchasing pool (Note 16). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Hunter Consulting provides administrative, cost control, and actuarial services to the GRP.

**CLARK-SHAWNEE LOCAL SCHOOL DISTRICT
CLARK COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

10. DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

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

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. 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 Retirement Board acting with the advice of the actuary, allocates the employer contribution rating among four of the funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund and Health Care Fund) of the System. For fiscal year 2009, the allocation to pension and death benefits is 9.09 percent of annual covered salary. The remaining 4.91% of the 14% employer contribution rate is allocated to the Health Care and Medicare B Funds. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2009, 2008 and 2007 were \$155,502, \$216,075, and \$227,031 respectively; 21.31 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

B. State Teachers Retirement System

Plan Description - The School District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple employer public employee retirement plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio Web site at www.strsoh.org.

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 a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by 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 member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. 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. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

**CLARK-SHAWNEE LOCAL SCHOOL DISTRICT
CLARK COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

10. 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 of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy - For the fiscal year ended June 30, 2009, plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2009, 2008, and 2007 were \$1,231,082, \$1,264,824, and \$1,246,573, respectively; 82.19 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007. Contributions to the DC and Combined Plans for fiscal year 2009 were \$1,432 made by the School District and \$16,873 made by the plan members.

11. POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

Plan Description – The School District participates in two cost-sharing multiple employer defined benefit OPEB plans administered by the School Employees Retirement System for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan.

Medicare Part B Plan – The Medicare B plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code (ORC) 3309.69. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999, Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2009 was \$96.40, SERS' reimbursement to retirees was \$45.50.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2009, this actuarially required allocation was 0.75 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2009, 2008, and 2007 were \$12,830, \$15,569, and \$14,030 respectively; 21.31 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

Health Care Plan – ORC 3309.375 and 2209.69 permit SERS 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 HMOs, PPOs, Medicare Advantage 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.

**CLARK-SHAWNEE LOCAL SCHOOL DISTRICT
CLARK COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

11. POSTEMPLOYMENT BENEFITS

The ORC provides the statutory authority to fund SERS' 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 administered in accordance with Internal Revenue Code 105(e). 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. For the year ended June 30, 2009, the health care allocation is 4.16 percent. 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 health care surcharge. The surcharge, added to the unallocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund.

The School District's contributions for health care for the fiscal years ended June 30, 2009, 2008, and 2007 were \$117,791, \$144,855, and \$115,867 respectively; 12.88 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

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 both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746 or by calling toll free (800) 878-5853. It is also posted on the SERS' at www.ohsers.org under employers/audit resources.

B. State Teachers Retirement System

Plan Description – The School District contributes to the cost sharing multiple employer defined benefit Health Plan administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS Ohio which may be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2009, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The School District's contributions for health care for the fiscal years ended June 30, 2009, 2008, and 2007 were \$94,699, \$97,294 and \$95,890, respectively; 82.19 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

**CLARK-SHAWNEE LOCAL SCHOOL DISTRICT
CLARK COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

12. OTHER EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per fiscal year, depending upon length of service. Vacation leave must be used by each employee prior to the end of their contract year; any remaining balance at that time is forfeited. Unused vacation time, earned within a contract year, is paid to classified employees and administrators upon retirement. Teachers do not earn vacation time.

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 254 days for all personnel. Upon retirement, payment is made for twenty-six percent of accrued, but unused sick leave credit to a maximum of 66 days for all employees.

B. Insurance Benefits

The School District provides life insurance and accidental death and dismemberment insurance to most employees through METLIFE Insurance Company. Medical/surgical benefits are provided through Anthem through the Southwestern Ohio Educational Purchasing Council Medical Benefits Plan (See Note 16).

13. CAPITAL LEASE- LESSEE DISCLOSURE

The School District entered into capital leases for the acquisition of computers, copiers and a postage machine. The terms of these agreements provide options to purchase the equipment. Each lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. New capital leases are reflected in the accounts, "capital outlay" and "inception of capital leases" in the general fund. Capital lease payments have been reclassified and are reflected as debt service expenditures in the basic financial statements for the governmental funds. These expenditures are reported as program/function expenditures on a budgetary basis. Principal payments in fiscal year 2009 totaled \$42,966.

Capital assets acquired by lease have been capitalized in the statement of net assets for governmental activities in the amount of \$163,926, which is equal to the present value of the minimum lease payments at the time of acquisition. Accumulated depreciation on these assets at June 30, 2009, was \$11,360 and the carrying value was \$152,566. Present value minimum lease payments are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2010	\$ 45,511
2011	36,080
2012	18,273
2013	6,782
Total	106,646
Less: Amount Representing Interest	(5,731)
Present Value of Net Minimum Lease Payments	<u>\$100,915</u>

**CLARK-SHAWNEE LOCAL SCHOOL DISTRICT
CLARK COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

14. SIGNIFICANT CONTRACTUAL COMMITMENTS

As of June 30, 2009, the School District had contractual purchase commitments as follows:

<u>Vendor</u>	<u>Contract Amount</u>	<u>Expended</u>	<u>Remaining Balance</u>
Miami Valley International	\$147,544		\$147,544
AH Sturgell Roofing	23,160		23,160
Poggemeyer Design Group Inc	49,600	\$33,871	15,729
Capital Aluminum & Glass	101,560	64,262	37,298
Midwest Maintenance Inc	22,585		22,585
Minton Door Service	20,008		20,008
AG Sturgell Roofing	23,475		23,475
	<u>\$387,932</u>	<u>\$98,133</u>	<u>\$289,799</u>

15. LONG-TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 2009 were as follows:

	<u>Amount Outstanding 6/30/2008</u>	<u>Additions</u>	<u>Deletions</u>	<u>Amount Outstanding 6/30/2009</u>	<u>Amount Due in One Year</u>
Governmental Activities					
Capital Leases	\$ 93,556	\$50,325	(\$ 42,966)	\$ 100,915	\$ 41,844
Compensated Absences	1,447,950	54,326	(90,620)	1,411,656	84,699
Total	<u>\$1,541,506</u>	<u>\$104,651</u>	<u>(\$133,586)</u>	<u>\$1,512,571</u>	<u>\$126,543</u>

Capital leases will be paid from the general fund. Compensated absences will be paid from the general fund and the food service, latchkey, Title I and Title IIA special revenue funds.

The School District's overall legal debt margin was \$31,483,992, the energy conservation debt margin was \$3,148,399 and the un-voted debt margin was \$349,822 at June 30, 2009.

16. JOINTLY GOVERNED ORGANIZATIONS AND INSURANCE PURCHASING POOLS

A. Jointly Governed Organizations

Miami Valley Educational Computer Association - The School District is a participant in the Miami Valley Educational Computer Association (MVECA) which is a computer consortium. MVECA is an association of public school districts within the boundaries of Clark, Clinton, Fayette, Greene, Madison and Highland Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of MVECA consists of six representatives from the member districts elected by majority vote of all charter member school districts within each county plus one representative from the fiscal agent and the executive director. The School District paid MVECA \$67,388 for services provided during the fiscal year. Financial information can be obtained from Dean Reineke, Executive Director, at MVECA at 330 Enon Road, Yellow Springs, Ohio 45387.

**CLARK-SHAWNEE LOCAL SCHOOL DISTRICT
CLARK COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

**16. JOINTLY GOVERNED ORGANIZATIONS AND INSURANCE PURCHASING POOLS
(Continued)**

Southwestern Ohio Educational Purchasing Council -The Southwestern Ohio Educational Purchasing Council (SOEPC) is a purchasing cooperative made up of 126 school districts in 18 counties. The purpose of the cooperative is to obtain prices for quality merchandise and services commonly used by schools. All member districts are obligated to pay all fees, charges, or other assessments as established by the SOEPC. Each member district has one voting representative. Title to any and all equipment, furniture and supplies purchased by the SOEPC is held in trust for the member districts. Any district withdrawing from the SOEPC shall forfeit its claim to any and all SOEPC assets. One year prior notice is necessary for withdrawal from the group.

During this time, the withdrawing member is liable for all member obligations. Payments to SOEPC are made from the general fund. During fiscal year 2009, the School District paid \$528,926 to the SOEPC, primarily for medical benefits (See Note 16b). To obtain financial information, write to the Southwestern Ohio Educational Purchasing Council, Ken Swink, who serves as Director, at 303 Corporate Center Drive, Suite 208, Vandalia, OH 45377.

Southwestern Ohio Instructional Technology Association - The Southwestern Ohio Instructional Technology Association (SOITA) is a not-for-profit corporation. The purpose of the corporation is to serve the educational needs of the area through television programming for the advancement of educational programs. The Board of Trustees is comprised of twenty-three representatives of SOITA member schools or institutions. Twenty-one representatives are elected from within the counties by the qualified members within the counties, i.e., Auglaize, Brown, Butler, Champaign, Clark, Clermont, Clinton, Darke, Fayette, Greene, Hamilton, Logan, Mercer, Miami, Montgomery, Preble, Shelby, and Warren. Montgomery, Greene and Butler Counties elect two representatives per area. All others elect one representative per area. One at-large non-public representative is elected by the non-public school SOITA members in the State-assigned SOITA service area representative. One at-large higher education representative is elected by higher education SOITA members from within the State-assigned SOITA service area.

All member districts are obligated to pay all fees, charges, or other assessments as established by the SOITA. Upon dissolution, the net assets shall be distributed to the federal government, or to a state or local government, for a public purpose. Payments to SOITA are made from the general fund. During fiscal year 2009, the School District made \$1,965 in payments to SOITA. To obtain financial information, write to the Southwestern Ohio Instructional Technology Association, Larry Pogue, who serves as Executive Director, at 150 East Sixth Street, Franklin, Ohio 45005.

Clark County Family and Children First Council - The Clark County Family and Children First Council (FCFC) is a voluntary association established with the purpose to coordinate and integrate those services within Clark County which are available for families and to establish a comprehensive, coordinated, multi-disciplinary, interagency system for the delivery of such services in order to more effectively meet the needs of families and children.

**CLARK-SHAWNEE LOCAL SCHOOL DISTRICT
CLARK COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

**16. JOINTLY GOVERNED ORGANIZATIONS AND INSURANCE PURCHASING POOLS
(Continued)**

The Board of Trustees is comprised of representatives of each of the members of the Council, and representatives of those additional entities required to be represented on the Council pursuant to Section 121.37 of the Ohio Revised Code. The school districts in Clark County must appoint a superintendent of one of the schools to represent them on the eighteen member Board. Currently, the superintendent of the Clark County Educational Service Center serves as this representative. All members are obligated to pay all dues as established by the Council to aid the financing of the operations and programs of the Council. The Clark Shawnee School District did not have any payments to the FCFC during fiscal year 2009. Any member withdrawing from the Council must give one hundred eighty days written notice to the Council after formal action of the member's governing board. To obtain financial information, write to the Clark County Family and Children First Council, Charles Patterson, who serves as Treasurer, at 1345 Lagonda Avenue, Springfield, Ohio 45505.

Springfield-Clark Career Technology Center - The Springfield-Clark Career Technology Center (CTC) is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one or two representatives from each of the eight participating school districts' and educational service center's elected boards, which possesses its own budgeting and taxing authority. One member is appointed from the following: Tecumseh Local School District, Greenon Local School District, Northeastern Local School District, Northwestern Local School District, Southeastern Local School District, Tecumseh Local School District, and the Clark County Educational Service Center. Two members are appointed from the Springfield City School District. The School District did not make any financial contributions to the CTC during fiscal year 2009. To obtain financial information, write to the Springfield-Clark Career Technology Center, Pam Mustovich, who serves as Treasurer, 1901 Selma Road, Springfield, Ohio 45505-4239.

B. Insurance Purchasing Pools

Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan - The School District participates in the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan (GRP). The GRP's business and affairs are conducted by a nine member committee consisting of the Chairperson, a representative from the Montgomery County Educational Service Center, and eight other members elected by a majority vote of all member school districts. The Chief administrator of GRP serves as the coordinator of the program. Each fiscal year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

Southwestern Ohio Educational Purchasing Council Medical Benefits Plan - The School District participates in the Southwestern Ohio Educational Purchasing Council Medical Benefits Plan (MBP). The MBP's business and affairs are conducted by an eleven member committee consisting of various EPC representatives that are elected by the general assembly. Either the superintendent or treasurer from each participating school district serves on the general assembly. Each fiscal year, the participating school districts pay an enrollment fee to the MBP to cover the costs of administering the program.

**CLARK-SHAWNEE LOCAL SCHOOL DISTRICT
CLARK COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

17. SET-ASIDE CALCULATIONS

The School 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 fiscal year-end or offset by similarly restricted resources received during the fiscal year must be held in cash at fiscal year-end and carried forward to be used for the same purposes in future fiscal years. Based upon legislative changes, this is the only money still required to be set aside for this purpose.

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

	Textbooks and Instructional Material	Capital Acquisitions
Set-aside Reserve Balance as of June 30, 2008	(\$313,788)	(\$2,313,718)
Current Year Set-aside Requirement	383,225	383,225
Qualifying Disbursements	(565,610)	(203,897)
Current Year Offsets		(441,498)
Totals	(496,173)	(2,575,888)
Set-aside Balances Carried Forward to Future Fiscal Years	(\$496,173)	(\$2,575,888)

The School District had qualifying disbursements and offsets during the fiscal year that reduced the capital acquisitions amounts below zero. This extra amount of offsets may be used to reduce the set-aside requirements in future fiscal years.

18. CONTINGENCIES

Grants

The School 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 are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2009.

19. CHANGES IN ACCOUNTING PRINCIPLE

For fiscal year 2009, the School District implemented GASB Statement No. 49, "Accounting and Financial Reporting for Pollution Remediation Obligations", Statement No. 51, "Accounting for Intangible Assets", Statement No. 52, "Land and Other Real Estate Held as Investments by Endowments", and Statement No. 53, "Accounting and Financial Reporting for Derivative Instruments".

GASB Statement No. 49 establishes accounting and financial reporting requirements for pollution remediation obligations by requiring more timely and complete reporting of the obligations and by requiring all governments to account for pollution remediation obligations in the same manner. The implementation of this statement did not result in any changes to the financial statements.

**CLARK-SHAWNEE LOCAL SCHOOL DISTRICT
CLARK COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

19. CHANGES IN ACCOUNTING PRINCIPLE (Continued)

GASB Statement No. 51 establishes accounting and financial reporting requirements for intangible assets to reduce inconsistencies thereby enhancing comparability of the accounting and financial reporting of such assets among state and local governments. The implementation of this statement did not result in any changes to the financial statements.

GASB Statement No. 52 establishes consistent standards for reporting land and other real estate held as investments. It requires endowments to report land and other real estate investments at fair value, to report the changes in fair value as investment income, and to disclose methods and significant assumptions used to determine fair value. The implementation of this statement did not result in any changes to the financial statements.

GASB Statement No. 53 addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. The implementation of this statement did not result in any changes to the financial statements.

20. PRIOR PERIOD ADJUSTMENT

The School District restated beginning balance of the General Fund \$82,914 because the School District recorded a receivable in error. Fund balance of the governmental funds was restated from \$3,046,268 to \$2,963,354. It also affected net assets of governmental activities by decreasing net assets from \$15,243,712 to \$15,160,798.

21. SUBSEQUENT EVENTS

On August 10, 2009, the School District board approved a contract with Eramo & Sons, Inc. for the Rockway sewer in the amount \$207,914. In addition, they approved a contract with Excel Contracting Inc. for the Possum sewer in the amount \$201,115.

**CLARK-SHAWNEE LOCAL SCHOOL DISTRICT
CLARK COUNTY**

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2009**

FEDERAL GRANTOR Pass Through Grantor Program Title	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
U.S. DEPARTMENT OF AGRICULTURE					
(Passed Through Ohio Department of Education)					
Child Nutrition Cluster:					
Non-Cash Assistance (Food Donation)					
National School Lunch Program	10.555		\$34,998		\$34,998
Cash Assistance					
School Breakfast Program	10.553	\$25,506		\$25,506	
National School Lunch Program	10.555	251,229		251,229	
Total Cash Assistance		276,735		276,735	
Total Child Nutrition Cluster:		276,735	34,998	276,735	34,998
Total U.S. Department of Agriculture		276,735	34,998	276,735	34,998
U.S. DEPARTMENT OF EDUCATION					
(Passed Through Ohio Department of Education)					
Title I Grants to Local Educational Agencies	84.010	317,665		362,910	
Special Education Cluster:					
Special Education Grants to States	84.027	407,898		420,097	
(Passed through Clark County Educational Service Center)					
Special Education Preschool Grants	84.173	11,781		11,781	
Total Special Education Cluster:		419,679		431,878	
(Passed Through Ohio Department of Education)					
Safe and Drug Free Schools and Communities State Grants	84.186	10,409		13,400	
State Grants for Innovative Programs	84.298	4,348		5,399	
Education Technology State Grants	84.318	3,551		3,819	
Improving Teacher Quality State Grants	84.367	112,126		113,390	
Total U.S. Department of Education		867,778		930,796	
U.S. DEPARTMENT OF HOMELAND SECURITY					
(Passed Through Ohio Department of Public Safety-Emergency Management Agency)					
Disaster Grants-Public Assistance (Presidentially Declared Disasters)	97.036	1,307		1,307	
Total Department of Homeland Security		1,307		1,307	
Total		<u>\$1,145,820</u>	<u>\$34,998</u>	<u>\$1,208,838</u>	<u>\$34,998</u>

The notes to the financial statements are an integral part of this schedule.

**CLARK-SHAWNEE LOCAL SCHOOL DISTRICT
CLARK COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FISCAL YEAR ENDED JUNE 30, 2009**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Receipts and Expenditures Schedule (the Schedule) reports the Clark-Shawnee Local School District's (the District's) federal award programs' receipts and disbursements. The Schedule has been prepared on the cash basis of accounting.

NOTE B - CHILD NUTRITION CLUSTER

The District commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the District assumes it expends federal monies first.

NOTE C – FOOD DONATION PROGRAM

Program regulations do not require the District to maintain separate inventory records for purchased food versus food commodities it receives from the U.S. Department of Agriculture. The District reports commodities consumed on the Schedule at the entitlement value.

NOTE D - MATCHING REQUIREMENTS

Certain Federal programs require the District to contribute non-Federal funds (matching funds) to support the Federally-funded programs. The District has met its matching requirements. The Schedule does not include the expenditure of non-Federal matching funds.



Mary Taylor, CPA

Auditor of State

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

Clark-Shawnee Local School District
Clark County
3680 Selma Road
Springfield, Ohio 45502

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Clark-Shawnee Local School District, Clark County, (the District) as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 27, 2010. 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinions 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 the District's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the District's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies 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.

We noted a certain matter that we reported to the District's management in a separate letter dated January 27, 2010.

One First National Plaza / 130 W. Second St. / Suite 2040 / Dayton, OH 45402
Telephone: (937) 285-6677 (800) 443-9274 Fax: (937) 285-6688
www.auditor.state.oh.us

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect 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 an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note certain noncompliance or other matters that we reported to the District's management in a separate letter dated January 27, 2010.

We intend this report solely for the information and use of the audit committee, management, Board of Education, and federal awarding agencies and pass-through entities. We intend it for no one other than these specified parties.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

January 27, 2010



Mary Taylor, CPA

Auditor of State

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

Clark-Shawnee Local School District
Clark County
3680 Selma Road
Springfield, Ohio 45502

To the Board of Education:

Compliance

We have audited the compliance of Clark-Shawnee Local School District (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that apply to each of its major federal programs for the year ended June 30, 2009. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal programs. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the Clark-Shawnee Local School District complied, in all material respects, with the requirements referred to above that apply to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

**Internal Control Over Compliance
(Continued)**

A *control deficiency* in internal control over compliance exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect noncompliance with a federal program compliance requirement on a timely basis. A *significant deficiency* is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to administer a federal program such that there is more than a remote likelihood that the District's internal control will not prevent or detect more-than-inconsequential noncompliance with a federal program compliance requirement.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that the District's internal control will not prevent or detect material noncompliance with a federal program's compliance requirements.

Our consideration of internal control over compliance was for the limited purpose 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 compliance that we consider to be material weaknesses, as defined above.

We intend this report solely for the information and use of the audit committee, management, Board of Education, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



Mary Taylor, CPA
Auditor of State

January 27, 2010

**CLARK-SHAWNEE LOCAL SCHOOL DISTRICT
CLARK COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2009**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any other significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	<p>Special Education Cluster:</p> <ul style="list-style-type: none"> • Special Education Grants to States CFDA # 84.027 • Special Education Preschool Grants CFDA # 84.173 <p>Child Nutrition Cluster:</p> <ul style="list-style-type: none"> • School Breakfast Program CFDA # 10.553 • National School Lunch Program CFDA # 10.555
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

**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



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Clark-Shawnee Local School District
Clark County
3680 Selma Road
Springfield, Ohio 45502

To the Board of Education:

Ohio Rev. Code Section 117.53 states "the auditor of state shall identify whether the school district or community school has adopted an anti-harassment policy in accordance with Section 3313.666 of the Revised Code. This determination shall be recorded in the audit report. The auditor of state shall not prescribe the content or operation of any anti-harassment policy adopted by a school district or community school."

Accordingly, we have performed the procedures enumerated below, which were agreed to by the Board, solely to assist the Board in evaluating whether Clark-Shawnee Local School District (the District) has adopted an anti-harassment policy in accordance with Ohio Rev. Code Section 3313.666. Management is responsible for complying with this requirement. This agreed-upon procedures engagement was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of these procedures is solely the responsibility of the Board. Consequently; we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose.

1. We noted the Board adopted an anti-harassment policy at its meeting on January 10, 2006.
2. We read the policy, noting it included the following requirements from Ohio Rev. Code Section 3313.666(B):
 - 1) A statement prohibiting harassment, intimidation, or bullying of any student on school property or at school-sponsored events;
 - 2) A definition of harassment, intimidation, or bullying that includes the definition in division (A) of Ohio Rev. Code Section 3313.666;
 - 3) A procedure for reporting prohibited incidents;
 - 4) A requirement that school personnel report prohibited incidents of which they are aware to the school principal or other administrator designated by the principal;
 - 5) A requirement that parents or guardians of any student involved in a prohibited incident be notified and, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended, have access to any written reports pertaining to the prohibited incident;
 - 6) A procedure for documenting any prohibited incident that is reported;

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- 7) A procedure for responding to and investigating any reported incident;
- 8) A strategy for protecting a victim from additional harassment, intimidation, or bullying, and from retaliation following a report;
- 9) A disciplinary procedure for any student guilty of harassment, intimidation, or bullying, which shall not infringe on any student's rights under the first amendment to the Constitution of the United States;
- 10) A requirement that the district administration semiannually provide the president of the district board a written summary of all reported incidents and post the summary on its web site, if the district has a web site, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended.

We were not engaged to and did not conduct an examination, the objective of which would be the expression of an opinion on compliance with the anti-harassment policy. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the information and use of the Board and is not intended to be and should not be used by anyone other than these specified parties.



Mary Taylor, CPA
Auditor of State

January 27, 2010



Mary Taylor, CPA
Auditor of State

CLARK-SHAWNEE LOCAL SCHOOL DISTRICT
CLARK COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
MARCH 16, 2010