



Dave Yost • Auditor of State

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

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Dave Yost • 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, Ohio (the District), as of and for the year ended June 30, 2011, 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, Ohio, as of June 30, 2011, and the respective changes in financial position, thereof and the budgetary comparison for the General for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 20, during the year ended June 30, 2011, the District adopted the provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 6, 2012, 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.

Accounting principles generally accepted in the United States of America require this presentation to include Management's discussion and analysis to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any other assurance.

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements taken as a whole. The Federal Awards Receipts and Expenditures Schedule provides additional information required by the 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. The Federal Awards Receipts and Expenditures Schedule is management's responsibility, and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. This schedule was subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.



Dave Yost
Auditor of State

February 6, 2012

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(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, 2011. 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 2011 are as follows:

- In total, net assets for governmental activities increased \$758,325 which represents a 4.5 percent increase from 2010.
- General revenues accounted for \$17,014,548 in revenue or 76 percent of governmental revenues. Program specific revenues in the form of charges for services and operating grants, contributions and interest accounted for \$5,312,935 or 24 percent of governmental revenues of \$22,327,483, Total governmental revenues were down \$723,532 from \$23,051,015 in 2010.
- The School District had \$21,569,158 in governmental expenses, down from \$22,151,747 in 2010.
- Among major funds, the General Fund had \$19,123,264 in revenues and \$18,318,232 in expenditures. The General Fund's balance increased \$812,532 from 2010. The increase was the result of a decrease in expenditures. The School District has been monitoring expenditures closely and looking for ways to reduce costs.
- For 2011, the School District implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." The implementation of this statement resulted in the Public School Support, Underground Storage Tank, and Latchkey funds being combined with the General Fund. They were previously reported as special revenue funds.

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, 2011
(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 2011?" 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 15. 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, 2011
(UNAUDITED)
(Continued)**

The School District as a Whole

Table 1 provides a summary of the School District's net assets for fiscal year 2011 compared to fiscal year 2010:

| Net Assets | | |
|---|--------------------------------|---------------------|
| | Governmental Activities | |
| Assets: | 2010 | 2011 |
| Current and Other Assets | \$14,948,511 | \$16,056,211 |
| Capital Assets | 13,466,160 | 13,359,706 |
| Total Assets | 28,414,671 | 29,415,917 |
| Liabilities: | | |
| Long-Term Liabilities | 1,464,170 | 1,311,075 |
| Other Liabilities | 10,164,253 | 10,560,269 |
| Total Liabilities | 11,628,423 | 11,871,344 |
| Net Assets: | | |
| Invested in Capital Assets, Net of Debt | 13,416,903 | 13,335,013 |
| Restricted | 804,548 | 770,369 |
| Unrestricted | 2,564,797 | 3,439,191 |
| Total Net Assets | \$16,786,248 | \$17,544,573 |

Total assets increased due to an increase in property taxes receivable due to a late June tax settlement. In addition, the School District had additional cash on hand at fiscal year-end. Capital assets increased as the School District continued work on its sewer projects, adding over \$500,000 in infrastructure assets during fiscal year 2011.

As the School District continues making payments on its capital leases long-term liabilities continues to decrease.

The School District's unrestricted net assets increased by \$874,394. Unrestricted net assets are the part of net assets that can be used to finance day-to-day activities without constraints established by grants or legal requirements.

Table 2 shows the changes in net assets for governmental activities for fiscal year 2010 and 2011.

**Table 2
Change in Net Assets**

| | 2010 | 2011 | Percent Change |
|--|-------------------|-------------------|-----------------------|
| Revenues: | | | |
| Program Revenues: | | | |
| Charges for Services | \$3,079,308 | \$3,296,794 | 7.06% |
| Operating Grants and Contributions | 2,040,898 | 2,016,141 | -1.21% |
| Total Program Revenues | 5,120,206 | 5,312,935 | 3.76% |
| General Revenues: | | | |
| Property Taxes | 10,102,389 | 9,592,517 | -5.05% |
| Grants and Entitlements Not Restricted | 7,741,545 | 7,409,145 | -4.29% |
| All Other | 86,875 | 12,886 | -85.17% |
| Total General Revenues | 17,930,809 | 17,014,548 | -5.11% |
| Total Revenues | 23,051,015 | 22,327,483 | -3.14% |
| | | (Continued) | |

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(UNAUDITED)
(Continued)**

**Table 2
Change in Net Assets
(Continued)**

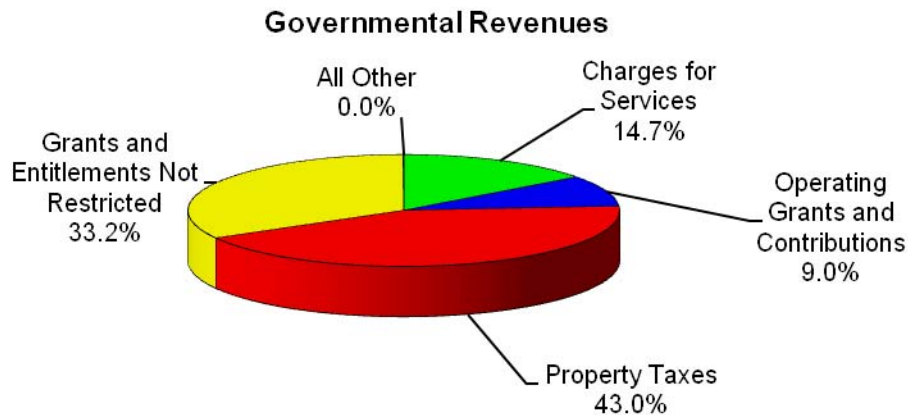
| | 2010 | 2011 | Percent Change |
|--|-------------------|-------------------|---------------------------|
| Program Expenses: | | | |
| Instruction | 13,503,671 | 13,241,408 | -1.94% |
| Support Services: | | | |
| Pupils and Instructional Staff | 1,324,358 | 1,298,669 | -1.94% |
| Board of Education, Administration, Fiscal and Business | 2,292,587 | 2,261,815 | -1.34% |
| Operation and Maintenance of Plant | 2,109,116 | 1,757,293 | -16.68% |
| Pupil Transportation | 1,051,337 | 1,080,386 | 2.76% |
| Central | 77,789 | 106,330 | 36.69% |
| Operation of Non-Instructional Services | 946,858 | 926,629 | -2.14% |
| Extracurricular Activities | 842,403 | 895,543 | 6.31% |
| Interest and Fiscal Charges | 3,628 | 1,085 | -70.09% |
| Total Expenses | <u>22,151,747</u> | <u>21,569,158</u> | -2.63% |
| Increase in Net Assets | <u>\$ 899,268</u> | <u>\$ 758,325</u> | -15.67% |

Governmental Activities

The School District's charges for services increased due to open enrollment revenues and an increase in school lunch prices \$0.10.

In anticipation of funding reductions, the School District has been working to decrease expenses as is evidenced by a total decrease in expenses of 2.63%.

Interest and fiscal charges expenses decreased as the School District continued to pay off its capital leases.



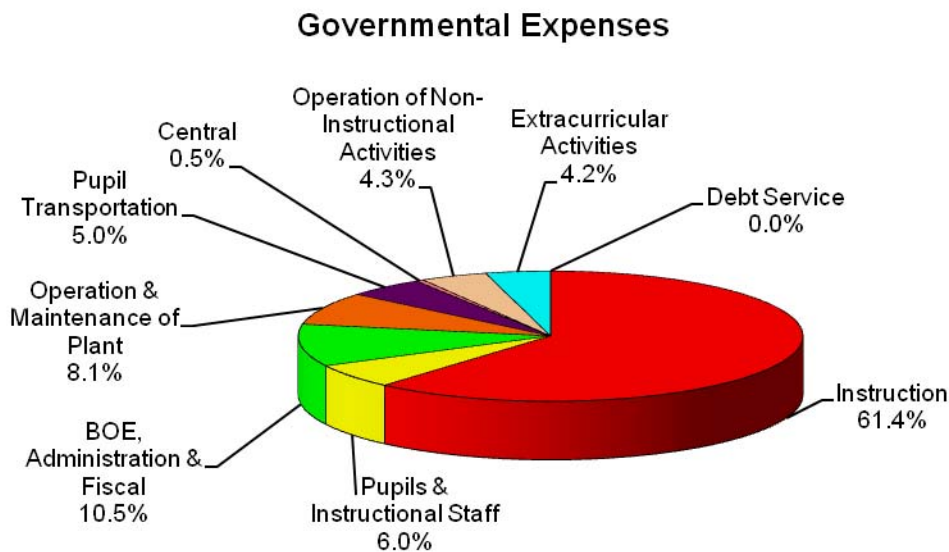
The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for the School District operations. Property taxes made up 43 percent of revenues for governmental activities for the Clark-Shawnee Local School District for fiscal year 2011.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(UNAUDITED)
(Continued)**

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 generates \$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 based, 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. This money was used 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. This levy expires in 2012.



Instruction comprises 61.4 percent of district expenses. Support services expenses make up 30.1 percent of expenses.

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(UNAUDITED)
(Continued)**

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 2010 | Net Cost of Services 2010 | Total Cost of Services 2011 | Net Cost of Services 2011 |
|--|--|--------------------------------------|--|--------------------------------------|
| Instruction | \$13,503,671 | (\$ 9,889,178) | \$13,241,408 | (\$9,333,984) |
| Support Services: | | | | |
| Pupils and Instructional Staff | 1,324,358 | (1,244,819) | 1,298,669 | (1,255,681) |
| Board of Education, Administration, Fiscal and Business | 2,292,587 | (2,206,614) | 2,261,815 | (2,249,507) |
| Operation and Maintenance of Plant | 2,109,116 | (2,049,919) | 1,757,293 | (1,737,905) |
| Pupil Transportation | 1,051,337 | (1,042,769) | 1,080,386 | (1,055,823) |
| Central | 77,789 | (45,235) | 106,330 | (69,281) |
| Operation of Non-Instructional Services | 946,858 | (26,748) | 926,629 | (10,206) |
| Extracurricular Activities | 842,403 | (522,631) | 895,543 | (542,751) |
| Interest and Fiscal Charges | 3,628 | (3,628) | 1,085 | (1,085) |
| Total Expenses | \$22,151,747 | (\$17,031,541) | \$21,569,158 | (\$16,256,223) |

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 70 percent of instruction activities are supported through taxes and other general revenues; for all activities general revenue support is 75 percent. The community, as a whole, is the primary support for the Clark-Shawnee Local School District.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(UNAUDITED)
(Continued)**

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 \$22,444,927 and expenditures of \$21,603,052. The net change in fund balance for the year was significant in the General Fund as fund balance increased \$812,532. During fiscal year 2011, the School District implemented cuts, decreasing General Fund expenditures by \$247,919. The Permanent Improvement Fund's fund balance increased \$23,999. Expenditures on the sewer improvements were covered by the revenues generated by the permanent improvement levy.

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 2011, the School District amended its General Fund budget numerous times, which resulted in appropriations increasing \$34,222, a mere .2 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.

For the General Fund, the final budget basis revenue was \$17,915,175, which was the same as the original.

Capital Assets

At the end of fiscal year 2011, the School District had \$13,359,706 invested in governmental land, buildings and improvements, furniture and equipment, and vehicles.

Table 4 shows fiscal year 2011 balances compared to fiscal year 2010.

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

| | 2010 | 2011 |
|----------------------------|---------------------|---------------------|
| Land | \$ 641,103 | \$ 641,103 |
| Buildings and Improvements | 13,494,420 | 13,535,621 |
| Infrastructure | 630,618 | 1,198,250 |
| Furniture and Equipment | 2,842,248 | 2,739,364 |
| Vehicles | 1,982,878 | 1,844,741 |
| Accumulated Depreciation | (6,125,107) | (6,599,373) |
| Totals | \$13,466,160 | \$13,359,706 |

Overall capital assets decreased \$106,454 from fiscal year 2010 to fiscal year 2011. The primary increases to capital assets were for connecting school buildings to the City of Springfield sewer system. For more information on capital assets, see Note 8 of the Basic Financial Statements.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(UNAUDITED)
(Continued)**

Debt Administration

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

At the end of fiscal year 2011, 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 \$24,693.

The School District's overall legal debt margin was \$30,592,958, the energy conservation debt margin was \$3,059,296 and the un-voted debt margin was \$339,922 at June 30, 2011.

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. 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, is being 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 Clark-Shawnee Local School District's Teacher Leadership and Principal Leadership programs. During the 2010-11 school year, the School District achieved an "Excellent with Distinction" rating through the Ohio Department of Education.

For fiscal year 2012, the State did away with the PASS Formula to determine state foundation monies and districts are now funded by a Bridge Formula. The Bridge Formula will be in place for the 2012 fiscal year and will be replaced by a new funding model in 2013. The Bridge Formula allows for the same amount of state funding that was received in 2011 minus stimulus dollars or \$4,853,626. It also grants a district that is rated excellent or excellent with distinction an additional \$17 per pupil or \$33,561.

In April of 2011, the Board approved cost savings measures including the reorganization of the school buildings and the closing of Kindergarten Village, a reduction in 1 administrator position, 6 teachers, 1 custodian, 2 student aides, and two part-time support positions. In addition, 9 supplemental positions were eliminated and a reduction in time and salary of food service supervisor and a two-hour food service position. Building budgets were cut 10%. The Board anticipates the savings to the School District to amount to approximately \$1.1 million in fiscal year 2012.

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, 2011
(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.

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

**STATEMENT OF NET ASSETS
JUNE 30, 2011**

| | Governmental Activities |
|---|------------------------------------|
| Assets: | |
| Equity in Pooled Cash and Cash Equivalents | \$4,315,948 |
| Accounts Receivable | 18,037 |
| Intergovernmental Receivable | 194,539 |
| Inventory of Supplies and Materials | 41,354 |
| Prepaid Items | 16,819 |
| Property Taxes Receivable | 11,464,514 |
| Cash and Cash Equivalents With Fiscal Agents | 5,000 |
| Depreciable Capital Assets, Net Land | 12,718,603 641,103 |
| Total Assets | 29,415,917 |
| Liabilities: | |
| Accounts Payable | 132,749 |
| Accrued Wages and Benefits Payable | 1,814,895 |
| Intergovernmental Payable | 499,497 |
| Matured Compensated Absences Payable | 164,077 |
| Deferred Revenue | 7,901,894 |
| Vacation Leave Payable | 42,157 |
| Matured Bond Payable | 5,000 |
| Long Term Liabilities: | |
| Due Within One Year | 182,028 |
| Due In More Than One Year | 1,129,047 |
| Total Liabilities | 11,871,344 |
| Net Assets: | |
| Invested in Capital Assets, Net of Related Debt | 13,335,013 |
| Restricted for: | |
| Capital Projects | 754,599 |
| Bus Purchases | 15,770 |
| Unrestricted | 3,439,191 |
| Total Net Assets | \$17,544,573 |

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, 2011**

| | Program Revenues | | Net (Expense) Revenue and Changes in Net Assets | |
|---|---|--|--|---------------------|
| Expenses | Charges for Services and Sales | Operating Grants Contributions and Interest | Total Governmental Activities | |
| Governmental Activities: | | | | |
| Instruction: | | | | |
| Regular | \$10,068,445 | \$2,274,937 | \$424,935 | (\$7,368,573) |
| Special | 2,569,437 | 81,621 | 1,059,549 | (1,428,267) |
| Vocational | 209,636 | | 34,735 | (174,901) |
| Adult/Continuing | 11,527 | | | (11,527) |
| Other | 382,363 | | 31,647 | (350,716) |
| Support Services: | | | | |
| Pupils | 663,240 | | | (663,240) |
| Instructional Staff | 635,429 | | 42,988 | (592,441) |
| Board of Education | 81,746 | | | (81,746) |
| Administration | 1,668,496 | 4,104 | 8,204 | (1,656,188) |
| Fiscal | 498,109 | | | (498,109) |
| Business | 13,464 | | | (13,464) |
| Operation and Maintenance of Plant | 1,757,293 | 19,388 | | (1,737,905) |
| Pupil Transportation | 1,080,386 | 24,563 | | (1,055,823) |
| Central | 106,330 | | 37,049 | (69,281) |
| Operation of Non-Instructional Services | 926,629 | 543,476 | 372,947 | (10,206) |
| Extracurricular Activities | 895,543 | 348,705 | 4,087 | (542,751) |
| Interest and Fiscal Charges | 1,085 | | | (1,085) |
| Total | \$21,569,158 | \$3,296,794 | \$2,016,141 | (16,256,223) |
| General Revenues: | | | | |
| Property Taxes Levied for: | | | | |
| General Purposes | | | | 9,139,783 |
| Capital Outlay | | | | 452,734 |
| Grants and Entitlements not Restricted to: | | | | |
| Specific Programs | | | | 7,409,145 |
| Gifts and Donations not Restricted to Specific Programs | | | | 5,498 |
| Investment Earnings | | | | 2,136 |
| Miscellaneous | | | | 5,252 |
| Total General Revenues | | | | 17,014,548 |
| Change in Net Assets | | | | 758,325 |
| Net Assets Beginning of Year | | | | 16,786,248 |
| Net Assets End of Year | | | | \$17,544,573 |

See Accompanying Notes to the Basic Financial Statements.

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

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2011**

| | <u>General</u> | <u>Permanent Improvement</u> | <u>Other Governmental Funds</u> | <u>Total Governmental Funds</u> |
|---|---------------------|----------------------------------|---|---|
| Assets: | | | | |
| Equity in Pooled Cash and Cash Equivalents | \$3,402,292 | \$677,392 | \$220,494 | \$4,300,178 |
| Receivables: | | | | |
| Property Taxes | 10,921,074 | 543,440 | | 11,464,514 |
| Accounts | 18,037 | | | 18,037 |
| Intergovernmental | 146,482 | | 48,057 | 194,539 |
| Inventory of Supplies and Materials | 30,375 | | 10,979 | 41,354 |
| Prepaid Items | 14,118 | | 2,701 | 16,819 |
| Cash and Cash Equivalents With Fiscal Agents | | | 5,000 | 5,000 |
| Restricted Asset: | | | | |
| Equity in Pooled Cash and Cash Equivalents | 15,770 | | | 15,770 |
| Total Assets | <u>14,548,148</u> | <u>1,220,832</u> | <u>287,231</u> | <u>16,056,211</u> |
| Liabilities and Fund Balances | | | | |
| Liabilities: | | | | |
| Accounts Payable | 100,413 | 24,410 | 7,926 | 132,749 |
| Matured Compensated Absences Payable | 164,077 | | | 164,077 |
| Accrued Wages and Benefits Payable | 1,613,066 | 8,825 | 193,004 | 1,814,895 |
| Intergovernmental Payable | 451,281 | 7,013 | 41,203 | 499,497 |
| Deferred Revenue | 8,785,694 | 428,635 | 1,618 | 9,215,947 |
| Matured Bond Payable | | | 5,000 | 5,000 |
| Total Liabilities | <u>11,114,531</u> | <u>468,883</u> | <u>248,751</u> | <u>11,832,165</u> |
| Fund Balances: | | | | |
| Non-spendable | 44,493 | | 13,680 | 58,173 |
| Restricted | 15,770 | 751,949 | 80,496 | 848,215 |
| Committed | 11,000 | | | 11,000 |
| Assigned | 1,337,679 | | | 1,337,679 |
| Unassigned | 2,024,675 | | (55,696) | 1,968,979 |
| Total Fund Balances | <u>3,433,617</u> | <u>751,949</u> | <u>38,480</u> | <u>4,224,046</u> |
| Total Liabilities and Fund Balances | <u>\$14,548,148</u> | <u>\$1,220,832</u> | <u>\$287,231</u> | <u>\$16,056,211</u> |

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, 2011**

| | |
|----------------------------------|-------------|
| Total Governmental Fund Balances | \$4,224,046 |
|----------------------------------|-------------|

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 | 13,535,621 | |
| Infrastructure | 1,198,250 | |
| Furniture and Equipment | 2,739,364 | |
| Vehicles | 1,844,741 | |
| Accumulated Depreciation | <u>(6,599,373)</u> | 13,359,706 |
| 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 | 1,162,641 | |
| Accounts Receivable | 17,987 | |
| Intergovernmental Receivable | <u>133,425</u> | 1,314,053 |

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 | (24,693) | |
| Vacation Leave Payable | (42,157) | |
| Compensated Absences Payable | <u>(1,286,382)</u> | <u>(1,353,232)</u> |

| | |
|---------------------------------------|----------------------------|
| Net Assets of Governmental Activities | <u><u>\$17,544,573</u></u> |
|---------------------------------------|----------------------------|

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, 2011**

| | <u>General</u> | <u>Permanent Improvement</u> | <u>Other Governmental Funds</u> | <u>Total Governmental Funds</u> |
|--|--------------------|----------------------------------|---|---|
| Revenues: | | | | |
| Property Taxes | \$9,045,395 | \$448,220 | | \$9,493,615 |
| Tuition and Fees | 2,460,757 | | | 2,460,757 |
| Interest | 1,901 | 235 | \$20 | 2,156 |
| Intergovernmental | 7,382,643 | 144,151 | 2,014,777 | 9,541,571 |
| Extracurricular Activities | 124,890 | | 223,815 | 348,705 |
| Charges for Services | 71,796 | | 484,602 | 556,398 |
| Gifts and Donations | | 5,498 | 345 | 5,843 |
| Rent | 9,463 | | | 9,463 |
| Miscellaneous | 26,419 | | | 26,419 |
| Total Revenues | <u>19,123,264</u> | <u>598,104</u> | <u>2,723,559</u> | <u>22,444,927</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Instruction: | | | | |
| Regular | 9,589,533 | | 418,177 | 10,007,710 |
| Special | 1,515,492 | | 1,079,174 | 2,594,666 |
| Vocational | 209,069 | | | 209,069 |
| Adult/Continuing | 11,527 | | | 11,527 |
| Other | 353,726 | | 28,637 | 382,363 |
| Support Services: | | | | |
| Pupils | 661,088 | | | 661,088 |
| Instructional Staff | 537,441 | 42,985 | 51,875 | 632,301 |
| Board of Education | 81,746 | | | 81,746 |
| Administration | 1,687,194 | | 7,909 | 1,695,103 |
| Fiscal | 482,906 | 7,412 | | 490,318 |
| Business | 13,464 | | | 13,464 |
| Operation and Maintenance of Plant | 1,439,157 | 75,434 | 17,045 | 1,531,636 |
| Pupil Transportation | 917,482 | 63,837 | | 981,319 |
| Central | 71,617 | | 34,713 | 106,330 |
| Operation of Non-Instructional Services | 79,704 | | 857,937 | 937,641 |
| Extracurricular Activities | 641,437 | | 215,248 | 856,685 |
| Capital Outlay | | 384,437 | | 384,437 |
| Debt Service: | | | | |
| Principal Retirement | 24,564 | | | 24,564 |
| Interest and Fiscal Charges | 1,085 | | | 1,085 |
| Total Expenditures | <u>18,318,232</u> | <u>574,105</u> | <u>2,710,715</u> | <u>21,603,052</u> |
| Excess of Revenues Over (Under) Expenditures | <u>805,032</u> | <u>23,999</u> | <u>12,844</u> | <u>841,875</u> |
| Other Financing Sources: | | | | |
| Proceeds from the Sale of Capital Assets | <u>7,500</u> | | | <u>7,500</u> |
| Net Change in Fund Balances | 812,532 | 23,999 | 12,844 | 849,375 |
| Fund Balances at Beginning Of Year - Restated (Note 20) | <u>2,621,085</u> | <u>727,950</u> | <u>25,636</u> | <u>3,374,671</u> |
| Fund Balances at End of Year | <u>\$3,433,617</u> | <u>\$751,949</u> | <u>\$38,480</u> | <u>\$4,224,046</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 STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

Net Change in Fund Balances - Total Governmental Funds \$849,375

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 | \$677,094 | |
| Depreciation Expense | <u>(670,339)</u> | |
| Excess of Capital Outlay over Depreciation Expense | | 6,755 |

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 | (113,209) |
|------------------------------------|-----------|

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 | 24,564 |
|------------------------|--------|

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 | 15,988 | |
| Tuition and Fees | 17,580 | |
| Intergovernmental Grants | <u>(158,512)</u> | |
| | | (124,944) |

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 | 128,531 | |
| Increase in Vacation Leave Payable | <u>(12,747)</u> | |
| | | 115,784 |

| | |
|---|-------------------------|
| Change in Net Assets of Governmental Activities | <u><u>\$758,325</u></u> |
|---|-------------------------|

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, 2011**

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance With Final Budget Positive (Negative)</u> |
|--|-------------------------|--------------------|--------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues: | | | | |
| Property Taxes | \$8,268,123 | \$8,268,123 | \$8,993,635 | \$725,512 |
| Tuition and Fees | 2,242,000 | 2,242,000 | 2,312,769 | 70,769 |
| Interest | 5,000 | 5,000 | 1,901 | (3,099) |
| Intergovernmental | 7,362,852 | 7,362,852 | 7,285,054 | (77,798) |
| Charges for Services | 7,600 | 7,600 | 850 | (6,750) |
| Rent | 9,600 | 9,600 | 9,463 | (137) |
| Miscellaneous | 20,000 | 20,000 | 14,797 | (5,203) |
| Total Revenues | <u>17,915,175</u> | <u>17,915,175</u> | <u>18,618,469</u> | <u>703,294</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Instruction: | | | | |
| Regular | 9,808,466 | 9,785,871 | 9,617,423 | 168,448 |
| Special | 1,448,438 | 1,451,261 | 1,519,926 | (68,665) |
| Vocational | 208,987 | 209,037 | 207,714 | 1,323 |
| Adult/Continuing | 12,000 | 12,000 | 11,527 | 473 |
| Other | 348,350 | 348,350 | 353,067 | (4,717) |
| Support Services: | | | | |
| Pupils | 711,609 | 715,430 | 695,131 | 20,299 |
| Instructional Staff | 587,029 | 592,315 | 544,338 | 47,977 |
| Board of Education | 105,489 | 105,776 | 91,529 | 14,247 |
| Administration | 1,715,828 | 1,730,591 | 1,714,617 | 15,974 |
| Fiscal | 456,369 | 461,115 | 456,611 | 4,504 |
| Business | 15,500 | 15,500 | 18,118 | (2,618) |
| Operation and Maintenance of Plant | 1,644,418 | 1,654,502 | 1,477,797 | 176,705 |
| Pupil Transportation | 1,008,089 | 1,019,274 | 951,854 | 67,420 |
| Central | 48,979 | 49,197 | 40,918 | 8,279 |
| Extracurricular Activities | 613,325 | 616,879 | 519,983 | 96,896 |
| Total Expenditures | <u>18,732,876</u> | <u>18,767,098</u> | <u>18,220,553</u> | <u>546,545</u> |
| Excess of Revenues Over (Under) Expenditures | <u>(817,701)</u> | <u>(851,923)</u> | <u>397,916</u> | <u>1,249,839</u> |
| Other Financing Sources (Uses): | | | | |
| Refund of Prior Year Expenditure | 280,000 | 269,000 | 250,463 | (18,537) |
| Proceeds from Sale of Capital Assets | | | 7,500 | 7,500 |
| Refund of Prior Year Receipts | (65,000) | (65,000) | (82,882) | (17,882) |
| Total Other Financing Sources (Uses) | <u>215,000</u> | <u>204,000</u> | <u>175,081</u> | <u>(28,919)</u> |
| Net Change in Fund Balances | (602,701) | (647,923) | 572,997 | 1,220,920 |
| Fund Balance at Beginning of Year | 2,441,859 | 2,441,859 | 2,441,859 | |
| Prior Year Encumbrances Appropriated | 170,291 | 170,291 | 170,291 | |
| Fund Balance at End of Year | <u>\$2,009,449</u> | <u>\$1,964,227</u> | <u>\$3,185,147</u> | <u>\$1,220,920</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, 2011**

| | Private Purpose Trust | |
|--|----------------------------------|---------------|
| | Scholarship | Agency |
| Assets: | | |
| Equity in Pooled Cash and Cash Equivalents | \$64,460 | \$47,077 |
| Liabilities: | | |
| Accounts Payable | | 2,188 |
| Due to Students | | 44,889 |
| Total Liabilities | | \$47,077 |
| Net Assets: | | |
| Held in Trust for Scholarships | \$64,460 | |

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, 2011

| | <u>Private Purpose Trust</u> |
|------------------------------|----------------------------------|
| | <u>Scholarship</u> |
| Additions: | |
| Interest | \$24 |
| Miscellaneous | 11,209 |
| Total Additions | <u>11,233</u> |
| Deductions: | |
| Scholarships Awarded | <u>18,302</u> |
| Change in Net Assets | (7,069) |
| Net Assets Beginning of Year | <u>71,529</u> |
| Net Assets End of Year | <u><u>\$64,460</u></u> |

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, 2011**

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 104 non-certificated employees and 159 certificated full-time teaching personnel who provide services to 2,310 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 to 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 four jointly governed organizations and two insurance purchasing pools. These organizations are discussed in Note 17 to the basic financial statements. These organizations are:

Jointly Governed Organizations:

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

Insurance Purchasing Pools:

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

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.

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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, 2011
(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, 2011
(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, 2011, but which were levied to finance fiscal year 2011 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.

Investments are reported at fair value which for mutual funds is based on current share price. Nonparticipating investment contracts such as repurchase agreements are reported at cost.

During fiscal year 2011, the School District did not have any investments.

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 2011 amounted to \$1,901, which includes \$1,867 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.

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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2011, 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. 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 |
| Infrastructure | 20 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.

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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Fund balance is divided into five classifications based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of the resources in governmental funds. The classifications are as follows:

Non-spendable – The non-spendable classification includes amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact. The 'not in spendable form' includes items that are not expected to be converted to cash.

Restricted – Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions.

Committed – The committed classification includes amounts that can be used only for the specific purposes imposed by formal action (resolution) of the Board of Education. The committed amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Assigned – Amounts in the assigned classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds, other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Board of Education.

Unassigned – Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted, committed or assigned.

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.

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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 2011.

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.

3. FUND DEFICITS

The Lunchroom, EMIS, Special Education IDEA, Title IIA and Title I special revenue funds had deficit fund balances at June 30, 2011, of \$38,410, \$2,283, \$332 and \$991. The general fund is liable for any deficit in these funds 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).

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

4. BUDGETARY BASIS OF ACCOUNTING (Continued)

- 3. Encumbrances are treated as expenditures (budget) rather than as a reservation of fund balance (GAAP).
- 4. Perspective differences as a result of fund structure.

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 | \$ 812,532 |
| Net Adjustment for Revenue Accruals | 661,104 |
| Net Adjustment for Expenditure Accruals | (50,901) |
| Perspective Differences | 2,660 |
| Unrecorded Cash FY 10 | 979,400 |
| Unrecorded Cash FY 11 | (1,698,900) |
| Prepaid Items | (6,608) |
| Encumbrances | (126,290) |
| Budget Basis | \$ 572,997 |

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:

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

5. DEPOSITS AND INVESTMENTS (Continued)

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);
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 \$4,432,485 and the bank balance was \$4,460,665. All of the School District's deposits were insured by federal depository insurance.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

5. DEPOSITS AND INVESTMENTS (Continued)

B. Investments

At June 30, 2011, the School District did not have any investments.

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.

Concentration of Credit Risk - The School District places no limits on the amount the School District may invest in any one issuer.

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's fiscal year runs from July through June. First-half tax distributions are received by the School District in the second half of the fiscal year. Second-half tax distributions are received 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 2011 represent the collection of calendar year 2010 taxes. Real property taxes received in calendar year 2011 were levied after April 1, 2010, on the assessed values as of January 1, 2010, 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.

Taxes collected from tangible personal property (other than public utility) in one calendar year are levied against local inter-change telephone companies in the prior calendar year on assessed values as of December 31, of that calendar year, at tax rates determined in the preceding year. Tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. The percentages for telecommunications were reduced from 5 percent for 2010 to zero percent for 2011.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

6. PROPERTY TAXES (Continued)

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.

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, 2011, are available to finance fiscal year 2011 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, 2011, 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, 2011, was \$761,657 in the general fund and \$38,995 in the permanent improvement capital projects fund. The amount available as an advance at June 30, 2010, was \$2,369,910 in the general fund and \$120,014 in the permanent improvement capital projects fund.

The assessed values upon which the fiscal year 2011 taxes were collected are:

| | 2010 Second- Half Collections | | 2011 First- Half Collections | |
|--|--|----------------|---|----------------|
| | Amount | Percent | Amount | Percent |
| Agricultural/Residential and Other Real Estate | \$343,226,207 | 96.83% | \$328,735,392 | 96.71% |
| Public Utility Personal | 10,925,690 | 3.08 | 11,186,360 | 3.29 |
| Tangible Personal Property | 328,390 | 0.09 | | 0.00 |
| Total | \$354,480,287 | 100.00% | \$339,921,752 | 100.00% |
| Tax Rate per \$1,000 of Assessed Valuation | \$39.45 | | \$39.69 | |

7. RECEIVABLES

Receivables at June 30, 2011, 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:

| Intergovernmental Receivable | Amounts |
|-------------------------------------|------------------|
| Governmental Activities: | |
| Excess costs from State | \$131,807 |
| Medicaid | 3,109 |
| FY 10 Foundation Adjustment | 11,566 |
| Title I | 31,066 |
| Special Education IDEA | 8,754 |
| Title IIA | 8,237 |
| Total | \$194,539 |

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

8. CAPITAL ASSETS

Capital asset activity for governmental activities the fiscal year ended June 30, 2011, was as follows:

| | <u>Balance 6/30/2010</u> | <u>Additions</u> | <u>Deletions</u> | <u>Balance 6/30/2011</u> |
|---|------------------------------|------------------|--------------------|------------------------------|
| Governmental Assets: | | | | |
| Capital Assets, not being depreciated: | | | | |
| Land | \$ 641,103 | | | \$ 641,103 |
| Capital Assets, being depreciated: | | | | |
| Building and Improvements | 13,494,420 | \$62,045 | (\$ 20,844) | 13,535,621 |
| Infrastructure | 630,618 | 567,632 | | 1,198,250 |
| Furniture and Equipment | 2,842,248 | 47,417 | (150,301) | 2,739,364 |
| Vehicles | 1,982,878 | | (138,137) | 1,844,741 |
| Total Capital Assets, being depreciated | <u>18,950,164</u> | <u>677,094</u> | <u>(309,282)</u> | <u>19,317,976</u> |
| Less: Accumulated Depreciation | | | | |
| Buildings and Improvements | (3,903,200) | (365,423) | 434 | (4,268,189) |
| Infrastructure | (19,497) | (43,707) | | (63,204) |
| Furniture and Equipment | (1,231,836) | (169,397) | 79,013 | (1,322,220) |
| Vehicles | (970,574) | (91,812) | 116,626 | (945,760) |
| Total Accumulated Depreciation | <u>(6,125,107)</u> | <u>(670,339)</u> | <u>196,073</u> | <u>(6,599,373)</u> |
| Total Capital Assets, being depreciated, net | <u>12,825,057</u> | <u>6,755</u> | <u>(113,209)</u> | <u>12,718,603</u> |
| Governmental Activities Capital Assets, net | <u>\$13,466,160</u> | <u>\$ 6,755</u> | <u>(\$113,209)</u> | <u>\$13,359,706</u> |

* Depreciation expense was charged to governmental functions as follows:

| | |
|---|------------------|
| Instruction: | |
| Regular | \$86,815 |
| Special | 1,373 |
| Vocational | 85 |
| Support Services: | |
| Pupils | 407 |
| Instructional Staff | 2,411 |
| Administration | 15,296 |
| Fiscal | 1,595 |
| Operation and Maintenance of Plant | 454,314 |
| Transportation | 79,715 |
| Operation of Non-Instructional Services | 4,612 |
| Extracurricular Activities | 23,716 |
| | <u>\$670,339</u> |

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

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 2011, 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 2011, the School District participated in the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan (GRP), a workers' compensation insurance purchasing pool (Note 17). 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.

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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

10. DEFINED BENEFIT PENSION PLANS (Continued)

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, Medicate B Fund and Health Care Fund) of the System. For fiscal year 2011, the allocation to pension and death benefits is 11.81% of annual covered salary. The remaining 2.19% 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, 2011, 2010 and 2009 were \$228,671, \$334,837, and \$155,502, respectively; 44.62 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

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.

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, 2011, 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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

10. DEFINED BENEFIT PENSION PLANS (Continued)

The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2011, 2010, and 2009 were \$1,244,653, \$1,272,900, and \$1,231,082, respectively; 82.06 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

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 2010 was \$96.40 for most participants, but could be as high as \$369.10 per month depending on their income. 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 2011, this actuarially required allocation was 0.76 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2011, 2010, and 2009 were \$14,715, \$19,912, and \$12,830, respectively; 44.62 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

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.

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, 2011, the health care allocation is 1.43 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. For fiscal year 2011, the minimum compensation level was established at \$35,800. The surcharge, added to the unallocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

11. POSTEMPLOYMENT BENEFITS (Continued)

The School District's contributions for health care for the fiscal years ended June 30, 2011, 2010, and 2009 were \$62,006, \$58,653, and \$117,791, respectively; 19.92 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

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 2011, 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, 2011, 2010, and 2009 were \$95,743, \$97,915, and \$94,699, respectively; 82.06 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

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 258 days for all personnel. Upon retirement, payment is made for twenty-six percent of accrued, but unused sick leave credit to a maximum of 67 days for all employees.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

12. OTHER EMPLOYEE BENEFITS (Continued)

B. Insurance Benefits

The School District provides life insurance and accidental death and dismemberment insurance to most employees through Assurant Insurance Company. Medical/surgical benefits are provided through Anthem through the Southwestern Ohio Educational Purchasing Council Medical Benefits Plan (See Note 17).

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. 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 2011 totaled \$24,564.

Capital assets acquired by lease have been capitalized in the statement of net assets for governmental activities in the amount of \$108,076 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, 2011, was \$73,183 and the carrying value was \$34,893. Present value minimum lease payments are as follows:

| Fiscal Year Ending June 30, | Amount |
|---|---------------|
| 2012 | \$18,273 |
| 2013 | 6,782 |
| Total | 25,055 |
| Less: Amount Representing Interest | (362) |
| Present Value of Net Minimum Lease Payments | \$24,693 |

14. SIGNIFICANT CONTRACTUAL COMMITMENTS

As of June 30, 2011, the School District had contractual purchase commitments as follows:

| Vendor | Contract Amount | Expended | Remaining Balance |
|-----------------------------|------------------------|-----------------|--------------------------|
| Poggemeyer Design Group Inc | \$25,000 | \$5,428 | \$19,572 |
| AG Sturgill Roofing | 26,725 | | 26,725 |
| | \$51,725 | \$5,428 | \$46,297 |

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

15. LONG-TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 2011 were as follows:

| | Amount Outstanding 6/30/2010 | Additions | Deletions | Amount Outstanding 6/30/2011 | Amount Due in One Year |
|--------------------------------|---|------------------|--------------------|---|---------------------------------------|
| Governmental Activities | | | | | |
| Capital Leases | \$ 49,257 | | (\$24,564) | \$ 24,693 | \$ 17,951 |
| Compensated Absences | 1,414,913 | \$6,055 | (134,586) | 1,286,382 | 164,077 |
| Compensated Absences | <u>\$1,464,170</u> | <u>\$6,055</u> | <u>(\$159,150)</u> | <u>\$1,311,075</u> | <u>\$182,028</u> |

Capital leases will be paid from the general fund. Compensated absences will be paid from the general fund, permanent improvement fund, and the food service, Title I and Improving Teacher Quality special revenue funds.

The School District's overall legal debt margin was \$30,592,958, the energy conservation debt margin was \$3,059,296 and the un-voted debt margin was \$339,922 at June 30, 2011.

16. FUND BALANCE

Fund balance is classified as nonspendable, restricted, committed, assigned, and/or unassigned based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of the resources in governmental funds.

The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

| Fund Balance | General | Permanent Improvement | Other Governmental Funds | Total Governmental Funds |
|--------------------------|--------------------|----------------------------------|---|---|
| Non-spendable: | | | | |
| Inventory | \$ 30,375 | | \$10,979 | \$ 41,354 |
| Pre-paids | 14,118 | | 2,701 | 16,819 |
| Total Spendable | <u>44,493</u> | | <u>13,680</u> | <u>58,173</u> |
| Restricted for: | | | | |
| Athletics | | | 49,649 | 49,649 |
| Bus Purchases | 15,770 | | | 15,770 |
| Capital Improvements | | \$751,949 | | 751,949 |
| State and Federal Grants | | | 30,847 | 30,847 |
| Total Restricted | <u>15,770</u> | <u>751,949</u> | <u>80,496</u> | <u>848,215</u> |
| Committed to: | | | | |
| Underground Storage Tank | 11,000 | | | 11,000 |
| Assigned for: | | | | |
| Unpaid Obligations | 62,053 | | | 62,053 |
| FY 12 Appropriations | 1,193,960 | | | 1,193,960 |
| Latchkey | 21,316 | | | 21,316 |
| Public School Support | 60,350 | | | 60,350 |
| Total Assigned | <u>1,337,679</u> | | | <u>1,337,679</u> |
| Unassigned | <u>2,024,675</u> | | <u>(55,696)</u> | <u>1,968,979</u> |
| Total Fund Balance | <u>\$3,433,617</u> | <u>\$751,949</u> | <u>\$38,480</u> | <u>\$4,224,046</u> |

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

17. 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 \$63,850 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.

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 2011, the School District paid \$270,771 to the SOEPC, primarily for medical benefits (See Note 17b). 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.

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.

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 2011. 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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

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

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 2011. 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 an 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.

18. 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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011
(Continued)**

18. SET-ASIDE CALCULATIONS (Continued)

| | Textbooks and Instructional Material | Capital Acquisitions |
|---|---|---------------------------------|
| Set-aside Reserve Balance as of June 30, 2010 | (\$296,943) | |
| Current Year Set-aside Requirement | 343,561 | \$343,561 |
| Qualifying Disbursements | (119,797) | (58,127) |
| Current Year Offsets | | (554,437) |
| Totals | (\$ 73,179) | (\$269,003) |
| Set-aside Balances Carried Forward to Future Fiscal Years | (\$ 73,179) | \$ 0 |

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.

19. 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, 2011.

20. CHANGES IN ACCOUNTING PRINCIPLE

For fiscal year 2011, the School District has implemented Governmental Accounting Standards Board (GASB) Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions." GASB Statement No. 54 provides fund balance classifications that can be more consistently applied and clarifies the existing governmental fund type definitions. The requirements of this statement classify fund balance as nonspendable, restricted, committed, assigned, and/or unassigned.

The implementation of this statement had the following effects on fund balance:

| | General | Permanent Improvement | Other Governmental Funds | Total Governmental Funds |
|-------------------------------------|----------------|----------------------------------|---|---|
| Fund Balance June 30, 2010 | \$2,525,759 | \$727,950 | \$120,962 | \$3,374,671 |
| Change in Fund Structure | 95,326 | | (95,326) | |
| Adjusted Fund Balance June 30, 2010 | \$2,621,085 | \$727,950 | \$25,636 | \$3,374,671 |

21. SUBSEQUENT EVENT

House Bill 30 eliminated the requirement to put money into the set-aside for textbooks and instructional materials. It was effective July 1, 2011.

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

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2011**

| 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) | | | | | |
| School Breakfast Program | | | | | |
| School Breakfast Program | 10.553 | \$29,784 | | \$29,784 | |
| Total School Breakfast Program | | 29,784 | | 29,784 | |
| Child Nutrition Cluster | | | | | |
| National School Lunch Program | 10.555 | 283,863 | | 283,863 | |
| Non-Cash Assistance (Food Distribution) | | | | | |
| National School Lunch Program | 10.555 | | \$58,010 | | \$58,010 |
| Total School Lunch Program | | 283,863 | 58,010 | 283,863 | 58,010 |
| Total Child Nutrition Cluster: | | 313,647 | 58,010 | 313,647 | 58,010 |
| Total U.S. Department of Agriculture | | 313,647 | 58,010 | 313,647 | 58,010 |
| U.S. DEPARTMENT OF EDUCATION | | | | | |
| (Passed Through Ohio Department of Education) | | | | | |
| Title I, Part A Cluster: | | | | | |
| Title I Grants to Local Educational Agencies | 84.010 | 276,727 | | 303,708 | |
| ARRA - Title I Grants to Local Educational Agencies, Recovery Act | 84.389 | 92,320 | | 92,552 | |
| Total Title I, Part A Cluster | | 369,047 | | 396,260 | |
| Special Education Cluster: | | | | | |
| Special Education Grants to States | 84.027 | 392,660 | | 392,660 | |
| ARRA - Special Education Grants to States, Recovery Act | 84.391 | 255,477 | | 257,612 | |
| Total Special Education Grants to States | | 648,137 | | 650,272 | |
| (Passed through Clark County Educational Service Center) | | | | | |
| Special Education Preschool Grants | 84.173 | 11,769 | | 11,769 | |
| Total Special Education Cluster: | | 659,906 | | 662,041 | |
| (Passed Through Ohio Department of Education) | | | | | |
| Safe and Drug Free Schools and Communities State Grants | 84.186 | 4,533 | | 3,421 | |
| Education Technology State Grants | 84.318 | 1,016 | | 1,816 | |
| Improving Teacher Quality State Grants | 84.367 | 97,488 | | 104,411 | |
| ARRA - Education for Homeless Children and Youth, Recovery Act | 84.387 | 8,208 | | 8,232 | |
| ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act | 84.394 | 416,847 | | 375,354 | |
| ARRA - State Fiscal Stabilization Fund (SFSF) - Race to the Top, Incentive Grants, Recovery Act | 84.395 | 75 | | 75 | |
| Total U.S. Department of Education | | 1,557,120 | | 1,551,610 | |
| Total | | \$1,870,767 | \$58,010 | \$1,865,257 | \$58,010 |

The accompanying notes 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, 2011**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Receipts and Expenditures Schedule (the Schedule) reports the Clark-Shawnee Local School District (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

The District reports commodities consumed on the Schedule at the entitlement value. The District allocated donated food commodities to the respective programs that benefitted from the use of those donated food commodities.

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.



Dave Yost • 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, 2011, which collectively comprise the District's basic financial statements and have issued our report thereon dated February 6, 2012, wherein we noted the District adopted the provision of Governmental Accounting Standards Board Statement No. 54. 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 the purpose of expressing our opinions on the financial statements, but not for the purpose of opining 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 *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the District's financial statements will not be prevented, or detected and timely corrected.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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.

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

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

February 6, 2012



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY 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 could directly and materially affect each of Clark-Shawnee Local School District's major federal programs for the year ended June 30, 2011. 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.

Our compliance audit followed auditing standards generally accepted in the United States of America; the standards applicable to financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the 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 these 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 these requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2011.

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, to determine our auditing procedures for the purpose of opining on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the District's internal control over compliance.

**Internal Control Over Compliance
(Continued)**

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected.

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 over compliance that might be deficiencies, 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 noted a matter involving federal compliance or internal control over federal compliance not requiring inclusion in this report, that we reported to the District's management in a separate letter dated February 6, 2012.

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



Dave Yost
Auditor of State

February 6, 2012

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

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2011**

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 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 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(a)? | No |
| (d)(1)(vii) | Major Programs (list): | <p>Title I, Part A Cluster:</p> <ul style="list-style-type: none"> • Title I Grants to local Educational Agencies CFDA # 84.010 • ARRA – Title I Grants to Local Educational Agencies, Recovery Act CFDA # 84.389 <p>Special Education Cluster:</p> <ul style="list-style-type: none"> • Special Education Grants to States CFDA # 84.027 • ARRA – Special Education Grants to States, Recovery Act CFDA # 84.391 • Special Education Preschool Grants CFDA # 84.173 <p>ARRA – State Fiscal Stabilization Fund (SFSF) – Education State Grants, Recovery Act CFDA # 84.394</p> |
| (d)(1)(viii) | Dollar Threshold: Type A/B Programs | Type A: > \$ 300,000 Type B: all others |
| (d)(1)(ix) | Low Risk Auditee? | Yes |

**2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS**

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None



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

1. We noted the Board amended its anti-harassment policy at its meeting on November 16, 2010 to include violence within a dating relationship within its definition of harassment, intimidation or bullying.

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 this specified party.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

February 6, 2012

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Dave Yost • 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 29, 2012