



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

**SINGLE AUDIT**

**FOR THE YEAR ENDED JUNE 30, 1999**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



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## **REPORT OF INDEPENDENT ACCOUNTANTS**

Clark-Shawnee Local School District  
Clark County  
1561 East Possum Road  
Springfield, Ohio 45502

To the Board of Education:

We have audited the accompanying general purpose financial statements of the Clark-Shawnee Local School District, Clark County, (the District) as of and for the year ended June 30, 1999, as listed in the table of contents. These general purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Clark-Shawnee Local School District, Clark County, as of June 30, 1999, and the results of its operations and the cash flows of its proprietary fund type for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 31, 2000 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements of the District, taken as a whole. The accompanying schedule of federal awards expenditures is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

**JIM PETRO**  
Auditor of State

January 31, 2000



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**COMBINED BALANCE SHEET  
ALL FUND TYPES AND ACCOUNT GROUPS  
JUNE 30, 1999**

	<b>GOVERNMENTAL FUND TYPES</b>			
	<b>GENERAL</b>	<b>SPECIAL REVENUE</b>	<b>DEBT SERVICE</b>	<b>CAPITAL PROJECTS</b>
Assets and Other Debits				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$2,076,930	\$146,103	\$116,021	\$239,873
Cash and Cash Equivalents:				
With Fiscal Agent	0	686	5,000	0
Receivables:				
Property and Other Taxes	6,950,693	0	0	427,369
Accounts	3,761	1,338	0	0
Intergovernmental	35,265	0	0	0
Inventory of Supplies and Materials	44,710	0	0	0
Inventory Held for Resale	0	0	0	0
Restricted Assets	0	0	0	0
Equity in Pooled Cash and Cash Equivalents	153,566	0	0	0
Fixed Assets (Net, where applicable, of Accumulated Depreciation)	0	0	0	0
Other Debits:				
Amount Available in Debt Service Fund for Retirement of General Long-Term Debt	0	0	0	0
Amount to be Provided for Retirement of General Long-Term Debt	0	0	0	0
<b>Total Assets and Other Debits</b>	<b><u>\$9,264,925</u></b>	<b><u>\$148,127</u></b>	<b><u>\$121,021</u></b>	<b><u>\$667,242</u></b>
Liabilities, Fund Equity and Other Credits				
Liabilities:				
Accounts Payable	\$71,724	\$22,091	\$0	\$3,375
Accrued Wages and Benefits Payable	1,000,031	49,144	0	0
Intergovernmental Payable	237,285	9,376	0	0
Due to Students	0	0	0	0
Deferred Revenue	6,070,483	0	0	381,109
Compensated Absences Payable	38,837	0	0	0
Matured Interest Payable	0	0	5,000	0
Capital Leases Payable	0	0	0	0
Energy Conservation Loan Payable	0	0	0	0
<b>Total Liabilities</b>	<b><u>7,418,360</u></b>	<b><u>80,611</u></b>	<b><u>5,000</u></b>	<b><u>384,484</u></b>
Fund Equity and Other Credits:				
Investment in General Fixed Assets	0	0	0	0
Retained Earnings:				
Unreserved (Deficit)	0	0	0	0
Fund Balance:				
Reserved for Encumbrances	117,476	48,618	0	175,754
Reserved for Inventory	44,710	0	0	0
Reserved for Property Taxes	911,503	0	0	46,260
Reserved for Budget Stabilization	153,566	0	0	0
Designated for Budget Stabilization	13,233	0	0	0
Unreserved, Undesignated	606,077	18,898	116,021	60,744
<b>Total Fund Equity (Deficit) and Other Credits</b>	<b><u>1,846,565</u></b>	<b><u>67,516</u></b>	<b><u>116,021</u></b>	<b><u>282,758</u></b>
<b>Total Liabilities, Fund Equity and Other Credits</b>	<b><u>\$9,264,925</u></b>	<b><u>\$148,127</u></b>	<b><u>\$121,021</u></b>	<b><u>\$667,242</u></b>

See Accompanying Notes to the General Purpose Financial Statements



PROPRIETARY FUND TYPE	FIDUCIARY FUND TYPES	ACCOUNT GROUPS		TOTAL (MEMORANDUM ONLY)
		GENERAL FIXED ASSETS	GENERAL LONG-TERM DEBT	
ENTERPRISE	TRUST AND AGENCY			
\$259	\$141,310	\$0	\$0	\$2,720,496
0	0	0	0	5,686
0	0	0	0	7,378,062
0	0	0	0	5,099
0	0	0	0	35,265
2,443	0	0	0	47,153
20,770	0	0	0	20,770
0	0	0	0	
0	0	0	0	153,566
5,742	0	6,542,127	0	6,547,869
0	0	0	116,021	116,021
0	0	0	1,348,196	1,348,196
<u>\$29,214</u>	<u>\$141,310</u>	<u>\$6,542,127</u>	<u>\$1,464,217</u>	<u>\$18,378,183</u>
\$0	\$3,925	\$0	\$0	\$101,115
32,779	0	0	0	1,081,954
15,661	0	0	104,359	366,681
0	34,599	0	0	34,599
14,075	0	0	0	6,465,667
18,186	0	0	856,764	913,787
0	0	0	0	5,000
0	0	0	163,094	163,094
0	0	0	340,000	340,000
<u>80,701</u>	<u>38,524</u>	<u>0</u>	<u>1,464,217</u>	<u>9,471,897</u>
0	0	6,542,127	0	6,542,127
(51,487)	0	0	0	(51,487)
0	0	0	0	341,848
0	0	0	0	44,710
0	0	0	0	957,763
0	0	0	0	153,566
0	0	0	0	13,233
0	102,786	0	0	904,526
<u>(51,487)</u>	<u>102,786</u>	<u>6,542,127</u>	<u>0</u>	<u>8,906,286</u>
<u>\$29,214</u>	<u>\$141,310</u>	<u>\$6,542,127</u>	<u>\$1,464,217</u>	<u>\$18,378,183</u>

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

	<u>GOVERNMENTAL FUND TYPES</u>				<u>FIDUCIARY FUND TYPE</u>	<u>TOTAL (MEMORANDUM ONLY)</u>
	<u>GENERAL</u>	<u>SPECIAL REVENUE</u>	<u>DEBT SERVICE</u>	<u>CAPITAL PROJECTS</u>	<u>EXPENDABLE TRUST</u>	
Revenues:						
Property and Other Taxes	\$6,901,491	\$0	\$0	\$437,800	\$0	\$7,339,291
Revenue in Lieu of Taxes	50,174	0	0	0	0	50,174
Tuition and Fees	164,496	0	0	0	0	164,496
Interest	160,254	138	0	4,921	3,276	168,589
Intergovernmental	5,629,325	565,013	0	40,311	0	6,234,649
Rent	100	0	0	0	0	100
Extracurricular Activities	0	314,029	0	0	0	314,029
Gifts and Donations	0	18,873	0	39,240	99,142	157,255
Miscellaneous	33,833	0	0	0	0	33,833
Total Revenues	<u>12,939,673</u>	<u>898,053</u>	<u>0</u>	<u>522,272</u>	<u>102,418</u>	<u>14,462,416</u>
Expenditures:						
Current:						
Instruction:						
Regular	6,005,735	84,818	0	190,357	0	6,280,910
Special	727,403	312,006	0	0	0	1,039,409
Vocational	200,333	0	0	0	0	200,333
Adult/Continuing	17,696	0	0	0	0	17,696
Other	6,406	0	0	0	0	6,406
Support Services:						
Pupils	456,331	71,747	0	0	0	528,078
Instructional Staff	365,085	72,473	0	0	0	437,558
Board of Education	19,772	0	0	0	0	19,772
Administration	1,281,232	17,767	0	0	0	1,298,999
Fiscal	299,607	668	0	7,675	0	307,950
Business	15,277	0	0	0	0	15,277
Operation and Maintenance of Plant	1,090,845	27,391	0	7,347	0	1,125,583
Pupil Transportation	641,606	0	0	0	0	641,606
Central	26,127	8,886	0	0	0	35,013
Operation of Non-Instructional Services	20,892	0	0	0	0	20,892
Extracurricular Activities	257,662	316,043	0	4,929	4,157	582,791
Capital Outlay	403,376	0	0	703,489	0	1,106,865
Debt Service:						
Principal Retirement	99,232	0	0	0	0	99,232
Interest and Fiscal Charges	32,889	0	0	0	0	32,889
Total Expenditures	<u>11,967,506</u>	<u>911,799</u>	<u>0</u>	<u>913,797</u>	<u>4,157</u>	<u>13,797,259</u>
Excess of Revenues Over (Under) Expenditures	<u>972,167</u>	<u>(13,746)</u>	<u>0</u>	<u>(391,525)</u>	<u>98,261</u>	<u>665,157</u>
Other Financing Sources:						
Proceeds from Sale of Fixed Assets	150	0	0	0	0	150
Inception of Capital Lease	152,627	0	0	0	0	152,627
Total Other Financing Sources	<u>152,777</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>152,777</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures	1,124,944	(13,746)	0	(391,525)	98,261	817,934
Fund Balances at Beginning of Year	718,408	81,262	116,021	674,283	4,525	1,594,499
Increase in Reserve for Inventory	3,213	0	0	0	0	3,213
Fund Balances at End of Year	<u>\$1,846,565</u>	<u>\$67,516</u>	<u>\$116,021</u>	<u>\$282,758</u>	<u>\$102,786</u>	<u>\$2,415,646</u>

See Accompanying Notes to the General Purpose Financial Statements

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**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET (NON-GAAP BASIS) AND ACTUAL  
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

	GENERAL FUND			SPECIAL REVENUE FUNDS		
	REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
Revenues:						
Property and Other Taxes	\$6,623,412	\$6,623,412	\$0	\$0	\$0	\$0
Revenue in Lieu of Taxes	50,174	50,174	0	0	0	0
Tuition and Fees	162,469	162,469	0	0	0	0
Interest	160,026	160,026	0	138	138	0
Intergovernmental	5,740,661	5,740,661	0	536,699	536,699	0
Rent	100	100	0	0	0	0
Extracurricular Activities	0	0	0	316,201	316,201	0
Gifts and Donations	0	0	0	18,873	18,873	0
Miscellaneous	33,833	33,833	0	0	0	0
Total Revenues	<u>12,770,675</u>	<u>12,770,675</u>	<u>0</u>	<u>871,911</u>	<u>871,911</u>	<u>0</u>
Expenditures:						
Current:						
Instruction:						
Regular	6,087,184	6,087,184	0	78,800	78,800	0
Special	737,928	737,928	0	294,705	294,705	0
Vocational	199,271	199,271	0	0	0	0
Adult/Continuing	17,696	17,696	0	0	0	0
Other	6,406	6,406	0	0	0	0
Support Services:						
Pupils	451,964	451,964	0	71,747	71,747	0
Instructional Staff	364,726	364,726	0	73,809	73,809	0
Board of Education	19,769	19,769	0	0	0	0
Administration	1,330,232	1,330,232	0	19,590	19,590	0
Fiscal	298,409	298,409	0	668	668	0
Business	15,727	15,727	0	0	0	0
Operation and Maintenance of Plant	1,122,353	1,122,353	0	27,426	27,426	0
Pupil Transportation	647,851	647,851	0	0	0	0
Central	26,170	26,170	0	7,036	7,036	0
Operation of Non-Instructional Services	24,234	24,234	0	0	0	0
Extracurricular Activities	255,025	255,025	0	340,176	340,176	0
Capital Outlay	250,749	250,749	0	0	0	0
Debt Service:						
Principal Retirement	45,000	45,000	0	0	0	0
Interest and Fiscal Charges	19,828	19,828	0	0	0	0
Total Expenditures	<u>11,920,522</u>	<u>11,920,522</u>	<u>0</u>	<u>913,957</u>	<u>913,957</u>	<u>0</u>
Excess of Revenues Over (Under) Expenditures	<u>850,153</u>	<u>850,153</u>	<u>0</u>	<u>(42,046)</u>	<u>(42,046)</u>	<u>0</u>
Other Financing Sources:						
Proceeds from Sale of Fixed Assets	150	150	0	0	0	0
Total Other Financing Sources	<u>150</u>	<u>150</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures	850,303	850,303	0	(42,046)	(42,046)	0
Fund Balances at Beginning of Year	1,002,800	1,002,800	0	87,757	87,757	0
Prior Year Encumbrances Appropriated	187,889	187,889	0	28,933	28,933	0
Fund Balances at End of Year	<u>\$2,040,992</u>	<u>\$2,040,992</u>	<u>\$0</u>	<u>\$74,644</u>	<u>\$74,644</u>	<u>\$0</u>

See Accompanying Notes to the General Purpose Financial Statements

DEBT SERVICE FUND			CAPITAL PROJECTS FUNDS			EXPENDABLE TRUST FUND		
REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)	REVISED BUDGET	ACTUAL	VARIANCE FAVORABLE (UNFAVORABLE)
\$0	\$0	\$0	\$417,864	\$417,864	\$0	\$0	\$0	\$0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	4,921	4,921	0	3,276	3,276	0
0	0	0	40,311	40,311	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	39,240	39,240	0	99,142	99,142	0
0	0	0	0	0	0	0	0	0
0	0	0	502,336	502,336	0	102,418	102,418	0
0	0	0	190,357	190,357	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	7,675	7,675	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	17,255	17,255	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	4,929	4,929	0	4,157	4,157	0
0	0	0	869,335	869,335	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	1,089,551	1,089,551	0	4,157	4,157	0
0	0	0	(587,215)	(587,215)	0	98,261	98,261	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	(587,215)	(587,215)	0	98,261	98,261	0
116,021	116,021	0	435,475	435,475	0	4,525	4,525	0
0	0	0	212,484	212,484	0	0	0	0
<u>\$116,021</u>	<u>\$116,021</u>	<u>\$0</u>	<u>\$60,744</u>	<u>\$60,744</u>	<u>\$0</u>	<u>\$102,786</u>	<u>\$102,786</u>	<u>\$0</u>

**STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN RETAINED EARNINGS  
PROPRIETARY FUND TYPE  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

	<u><b>ENTERPRISE</b></u>
Operating Revenues:	
Sales	\$446,049
Total Operating Revenues	<u>446,049</u>
Operating Expenses:	
Salaries and Wages	235,232
Fringe Benefits	76,306
Purchased Services	12,150
Supplies and Materials	15,379
Cost of Sales	258,446
Depreciation	1,931
Total Operating Expenses	<u>599,444</u>
Operating Loss	<u>(153,395)</u>
Non-Operating Revenues:	
Interest	143
Federal and State Subsidies	105,662
Federal Donated Commodities	40,017
Total Non-Operating Revenues	<u>145,822</u>
Net Loss	(7,573)
Retained Earnings (Deficit) at Beginning of Year	<u>(43,914)</u>
Retained Earnings (Deficit) at End of Year	<u><u>(\$51,487)</u></u>

See Accompanying Notes to the General Purpose Financial Statements

**STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND EQUITY - BUDGET (NON-GAAP BASIS) AND ACTUAL  
PROPRIETARY FUND TYPE  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

	<b>ENTERPRISE FUND</b>		
	<b>REVISED BUDGET</b>	<b>ACTUAL</b>	<b>VARIANCE FAVORABLE (UNFAVORABLE)</b>
Revenues:			
Sales	\$447,058	\$447,058	\$0
Interest	143	143	0
Federal and State Subsidies	105,662	105,662	0
Total Revenues	552,863	552,863	0
Expenses:			
Salaries and Wages	232,189	232,189	0
Fringe Benefits	73,204	73,204	0
Purchased Services	12,150	12,150	0
Supplies and Materials	236,258	236,258	0
Total Expenses	553,801	553,801	0
Excess of Revenues Under Expenses	(938)	(938)	0
Fund Equity at Beginning of Year	130	130	0
Prior Year Encumbrances Appropriated	1,067	1,067	0
Fund Equity (Deficit) at End of Year	\$259	\$259	\$0

See Accompanying Notes to the General Purpose Financial Statements

**STATEMENT OF CASH FLOWS  
 PROPRIETARY FUND TYPE  
 FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

	<b>ENTERPRISE</b>
<u>Increase (Decrease) in Cash and Cash Equivalents</u>	
Cash Flows from Operating Activities:	
Cash Received from Customers	\$447,058
Cash Payments for Employee Services and Benefits	(305,393)
Cash Payments to Suppliers for Goods and Services	<u>(246,646)</u>
Net Cash Used In Operating Activities	<u>(104,981)</u>
 Cash Flows from Noncapital Financing Activities:	
Federal and State Subsidies Received	<u>105,662</u>
Net Cash Provided By Noncapital Financing Activities	<u>105,662</u>
 Cash Flows from Capital and Related Financing Activities:	
Acquisition of Capital Assets	<u>(1,762)</u>
Net Cash Used In Capital and Related Financing Activities	<u>(1,762)</u>
 Cash Flows from Investing Activities:	
Interest	<u>143</u>
Net Cash Provided By Investing Activities	<u>143</u>
 Net Decrease in Cash and Cash Equivalents	(938)
 Cash and Cash Equivalents Beginning of Year	<u>1,197</u>
 Cash and Cash Equivalents End of Year	<u><u>\$259</u></u>
 Reconciliation of Operating Loss to Net <u>Cash Used In Operating Activities:</u>	
Operating Loss	(\$153,395)
 Adjustments to Reconcile Operating Loss to Net Cash Used In Operating Activities:	
Depreciation	1,931
Donated Commodities Received	40,017
Changes in Assets and Liabilities:	
Decrease in Accounts Receivable	1,009
Decrease in Supplies Inventory	215
Increase in Inventory Held for Resale	(903)
Increase in Accrued Salaries Payable	488
Increase in Intergovernmental Payable	3,102
Increase in Compensated Absences Payable	<u>2,555</u>
Net Cash Used In Operating Activities	<u><u>(\$104,981)</u></u>

See Accompanying Notes to the General Purpose Financial Statements



**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

**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 consisting of five members elected at-large for staggered four year terms. The School District provides educational services as authorized by State statute and/or 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 82 non-certificated employees, 141 certificated full-time teaching personnel, and 10 administrative employees who provide services to 2,506 students and other community members. The School District currently operates 3 elementary/middle schools (K-8) and a high school (9-12).

The reporting entity is comprised of the primary government, component units, and other organizations that are included to insure that the financial statements of the 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, Twin Oaks School is operated as a private school. Current State legislation provides funding to this parochial school. 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. The activity of these State monies by the School District are reflected in a special revenue fund for financial reporting purposes.

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include 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 for the organization. The School District has no component units.

The following entities which perform activities within the School District boundaries for the benefit of its residents are excluded from the accompanying financial statements because the School District is not financially accountable for these entities nor are they fiscally dependent on the School District.

**City of Springfield** - The city government of Springfield is a separate body politic and corporate. A mayor and council are elected independent of any School District relationships and administer the provision of traditional city services. Council acts as the taxing and budgeting authority for these city services.

**Parent Teacher Association** - The School District is not involved in the budgeting or management, is not responsible for any debt and has no influence over the organization.

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999  
(Continued)**

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

The School District is associated with four jointly governed organizations and one insurance purchasing pool. These organizations are discussed in Note 16 to the general purpose financial statements. These organizations are:

Jointly Governed Organizations:

Miami Valley Educational Computer Association  
Southwestern Ohio Educational Purchasing Council  
Southwestern Ohio Instructional Technology Association  
Clark County Family and Children First Council

Insurance Purchasing Pool:

Southwestern Ohio Educational Purchasing Council Workers'  
Compensation Group Rating Plan

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the 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 proprietary activities provided they do not conflict with or contradict GASB pronouncements. The more significant of the School District's accounting policies are described below.

**A. Basis Of Presentation - Fund Accounting**

The School District uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain School District functions or activities.

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special restrictions or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities not recorded in the funds because they do not directly affect net available expendable resources.

For financial statement presentation purposes, the various funds of the School District are grouped into the following generic fund types under the broad fund categories governmental, proprietary, and fiduciary.

**Governmental Fund Types:**

Governmental funds are those through which most governmental functions of the School District are financed. The acquisition, use, and balances of the School District's expendable financial resources and the related current liabilities (except those accounted for in proprietary funds and trust funds) are accounted for through governmental funds. The following are the School District's governmental fund types:

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING Policies (Continued)**

**A. Basis Of Presentation - Fund Accounting (Continued)**

**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.

**Special Revenue Funds** - Special revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditure for specified purposes.

**Debt Service Fund** - The debt service fund is used to account for the accumulation of resources for, and the payment of, general long-term obligation principal, interest, and related costs.

**Capital Projects Funds** - The capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds or trust funds).

**Proprietary Fund Type:**

Proprietary funds are used to account for the School District's ongoing activities which are similar to those found in the private sector. The following is the School District's proprietary fund type:

**Enterprise Fund** - The enterprise fund is used to account for School District activities that are financed and operated in a manner similar to private business enterprises where the intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where it has been decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

**Fiduciary Fund Types:**

Fiduciary funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The School District's fiduciary funds include an expendable trust and an agency fund. The expendable trust fund is accounted for in essentially the same manner as governmental funds. The agency fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations.

**Account Groups:**

To make a clear distinction between fixed assets related to specific funds and those of general government, and between long-term liabilities related to specific funds and those of a general nature, the following account groups are used:

**General Fixed Assets Account Group** - This account group is established to account for all fixed assets of the School District, other than those accounted for in the proprietary or trust funds.

**General Long-Term Debt Account Group** - This account group is established to account for all long-term obligations of the School District except those accounted for in the proprietary or trust funds.

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING Policies (Continued)**

**B. Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types and expendable trust funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. The School District does not have any contributed capital. Proprietary fund operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made.

The modified accrual basis of accounting is followed for the governmental, expendable trust, and agency funds. Under this basis, revenues are recognized in the accounting period when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. The available period for the School District is sixty days after fiscal year end.

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: property taxes available as an advance, tuition, grants, and student fees.

The School District reports deferred revenues on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Property taxes measurable as of June 30, 1999, and delinquent property taxes, whose availability is indeterminable and which are intended to finance fiscal year 2000 operations, have been recorded as deferred revenue.

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

The accrual basis of accounting is utilized for reporting purposes by the proprietary fund type. Revenues are recognized in the accounting period in which they are earned, and expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported on the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue.

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING Policies (Continued)**

**C. Budgetary Process**

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified.

All funds, other than agency funds, are legally required to be budgeted and appropriated. Budgetary information for the Preschool and Drug Free Grant, Special Revenue Funds is not reported because it is not included in the entity for which the "appropriated budget" is adopted and does not maintain separate budgetary information. The primary level of budgetary control is 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.

**Tax Budget:**

Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing (or increased) tax rates. By no later than January 20, the Board-adopted budget is filed with the Clark County Budget Commission for rate determination.

**Estimated Resources:**

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 1999. At year-end, the School District requested and received an amended certificate of estimated resources that reflected actual revenue for the fiscal year.

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING Policies (Continued)**

**C. Budgetary Process (Continued)**

**Appropriations:**

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution is legally enacted by the Board of Education. The Board passed appropriations at the fund, function, and object level of expenditures, which are the legal levels of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at any level of control. Any revisions that alter the total of any fund appropriation, or alter total function appropriations within a fund, or alter object appropriations within functions, must be approved by the Board of Education. The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources.

During the year, no supplemental appropriations were legally enacted. Prior to year end, the School District passes appropriations to match expenditures plus encumbrances. The budget figures which appear in the statements of budgetary comparisons represent the original appropriation amounts. Formal budgetary integration is employed as a management control device during the year for all funds other than the agency fund, consistent with statutory provisions.

**Encumbrances:**

As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. On the GAAP basis, encumbrances outstanding at fiscal year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds and reported in the notes to the financial statements for proprietary funds.

**Lapsing of Appropriations:**

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriation. Encumbered appropriations are carried forward to the succeeding fiscal year and are not reappropriated.

**D. Cash and Cash Equivalents**

To improve cash management, all cash received by the School District is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through School District records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the balance sheet. 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 on the combined balance sheet as "Cash and Cash Equivalents with Fiscal Agents" and represents deposits. In addition, the balance of various grant activity administered by the fiscal agent is presented on the combined balance sheet as "Cash Equivalents with Fiscal Agents" and represents deposits at the Clark County Educational Service Center.

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Cash and Cash Equivalents (Continued)**

During fiscal year 1999, the District's investments were limited to funds invested in the State Treasury Assets Reserve of Ohio (STAR Ohio). STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 1999.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 1999 amounted to \$160,254, which includes \$34,168 assigned from other School District funds. The special revenue funds, capital projects funds, expendable trust fund and the enterprise fund also received interest revenue of \$138, \$4,921, \$3,276 and \$143 respectively.

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

**E. Inventory**

Inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventory in governmental funds consists of expendable supplies held for consumption. The cost of inventory items is recorded as an expenditure in the governmental fund types when purchased. Reported material and supplies inventory is equally offset by a fund balance reserve in the governmental funds which indicates that it does not constitute available expendable resources even though it is a component of net current assets. Inventories of proprietary funds consist of donated food, purchased food, and non-food supplies and are expensed when used.

**F. Interfund Receivable/Payable**

Short-term interfund loans are classified as "interfund receivables" and "interfund payables."

**G. Fixed Assets and Depreciation**

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction costs are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. Fixed assets utilized in the proprietary funds are capitalized in the fund. All fixed assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of five hundred dollars. The School District does not have any infrastructure.

Improvements are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Interest incurred during the construction of general fixed assets is also not capitalized.

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**G. Fixed Assets and Depreciation (Continued)**

Assets in the general fixed assets account group are not depreciated. Depreciation of furniture and equipment in the enterprise fund is computed using the straight-line method over an estimated useful life of ten years. Improvements to fund fixed assets are depreciated over the remaining useful lives of the related fixed assets.

**H Intergovernmental Revenues**

For governmental funds, intergovernmental revenues, such as entitlements and grants awarded on a non-reimbursement basis, are recorded as receivables and revenues when measurable and available. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred. Other than commodities, grants and entitlements for proprietary fund operations are recognized as non-operating revenues in the accounting period in which they are earned and become measurable.

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

**Entitlements**

**General Fund**

- State Foundation Program
- State Property Tax Relief
- School Bus Purchase Program

**Non-Reimbursable Grants**

**Special Revenue Funds**

- Disadvantaged Pupil Impact Aid
- Education Management Information Systems
- Auxiliary Services
- Title I
- Title II
- Title VI
- Title VI-B
- Teacher Development Grant
- Telecommunication E-Rate
- Security Grant
- Conflict Management Grant
- Eisenhower Grant

**Capital Projects Funds**

- School Net Plus
- Continuous Improvement Grant

**Reimbursable Grants**

**General Fund**

- Driver Education

**Enterprise Fund**

- National School Lunch Program
- Government Donated Commodities

Grants and entitlements received in governmental funds amounted to 43 percent of governmental fund revenue during the 1999 fiscal year.



**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**I. 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 current service with the School District.

For governmental funds, the current portion of unpaid compensated absences is the amount expected to be paid using available expendable resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term debt account group. In the proprietary fund, the entire amount of compensated absences is reported as a fund liability.

**J. Accrued Liabilities and Long-Term Obligations**

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, compensated absences and pension contributions that will be paid from governmental funds are reported as a liability in the general long-term debt account group to the extent that they will not be paid with current available expendable financial resources. Payments made more than sixty days after year-end are considered not to have been paid using current available financial resources. Bonds, capital leases, and long-term loans are reported as a liability of the general long-term debt account group until due.

Long-term obligations financed by the proprietary fund are reported as liabilities in the appropriate proprietary fund.

**K. Interfund Transactions**

Quasi-external transactions are accounted for as revenues and expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

**L. Restricted Assets**

Restricted assets in the general fund are cash and cash equivalents whose use is limited by legal requirements. Restricted assets represent amounts required by statute to be set-aside by the School District to create a reserve for budget stabilization. See Note 18 for the calculation of the year-end restricted asset balance and the corresponding fund balance reserve.

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING Policies (Continued)**

**M. Fund Balance Reserves**

The School District reserves fund balance for amounts that are legally segregated for a specific purpose or which are not available for appropriation. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves are established for encumbrances, inventory of supplies and materials, budget stabilization, and property taxes.

The reserve for budget stabilization represents money required to be set aside by statute to protect against cyclical changes in revenues and expenditures. The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriations under State statute.

**N. Fund Designations**

The School District designates fund balance to indicate tentative planned expenditures of financial resources. The designations reflect the school district's intentions, are subject to change and are reported as part of unreserved fund balance. Fund designations are established for budget stabilization.

The designation for budget stabilization represents money set-aside for budget stabilization in excess of statutory requirements.

**O. Estimates**

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

**P. Total Columns on General Purpose Financial Statements**

Total columns on the general purpose financial statements are captioned "Total - (Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

**3. ACCOUNTABILITY**

At June 30, 1999, the disadvantaged pupil impact aid and Title I special revenue funds and the food service enterprise fund have deficit fund balance/retained earnings of \$4,434, \$43,478 and \$51,487, respectively, which were created by the application of generally accepted accounting principles. The general fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999  
(Continued)**

**4. BUDGETARY BASIS OF ACCOUNTING**

While the School District is reporting financial position, results of operations, and changes in fund balances/retained earnings on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual - All Governmental Fund Types and Expendable Trust Fund and the Statement of Revenues, Expenses and Changes in Fund Equity - Budget (Non-GAAP Basis) and Actual - Proprietary Fund Type are 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 that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and as note disclosure in the proprietary fund type (GAAP basis).
4. For the proprietary fund, the acquisition and construction of capital assets are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).
5. The school district does not budget for the activities of various grants administered by the fiscal agent who collects and holds the assets. However, the activities of the fiscal agent that pertain to Clark-Shawnee Local School District are included in the special revenue funds activity for GAAP reporting purposes.

The following tables summarize the adjustments necessary to reconcile the GAAP and budgetary basis statements by fund type:

**Excess of Revenues and Other Financing Sources  
Over (Under) Expenditures  
All Governmental Fund Types and Expendable Trust Fund**

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>
GAAP Basis	\$1,124,944	(\$13,746)	(\$391,525)	\$98,261
Revenue Accruals	(321,624)	(25,796)	(19,936)	0
Expenditure Accruals	236,183	63,626	3,375	0
Excess of Revenues Over Expenditures for Nonbudgeted Funds	0	5,324	0	0
Encumbrances	(189,200)	(71,454)	(179,129)	0
Budget Basis	<u>\$850,303</u>	<u>(\$42,046)</u>	<u>(\$587,215)</u>	<u>\$98,261</u>

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999  
(Continued)**

**4. BUDGETARY BASIS OF ACCOUNTING (Continued)**

<b>Net Loss/Excess of Revenues Under Expenses Proprietary Fund Type</b>	<b>Enterprise</b>
GAAP Basis	(\$7,573)
Revenue Accruals	1,009
Expense Accruals	1,245
Materials and Supplies Inventory	(215)
Inventory Held for Resale	903
Capital Outlay	1,762
Depreciation Expense	1,931
Budget Basis	<u><u>(\$938)</u></u>

**5. DEPOSIT 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 deposits are public deposits that the Board of Education has identified as not required for use within the current two 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 deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit, or by savings or deposit accounts including passbook accounts.

Protection of School District's deposits is provided by the Federal Deposit Insurance Corporation, 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.

State statute permits interim monies to be deposited or invested in the following securities:

1. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal and interest by the United States;

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999  
(Continued)**

**5. DEPOSITS AND Investments (Continued)**

2. Bonds, notes debentures, or any other obligations or security 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) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio); and
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days from the date of purchase in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time.

Investments in stripped principal or interest obligation, reverse repurchase agreements and derivatives are prohibited. The issuance of tax exempt notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

During fiscal year 1999, investments were limited to STAR Ohio.

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, "Deposits With Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements."

The "Cash and Cash Equivalents with Fiscal Agent" of \$686 shown in the special revenue funds is maintained with the Clark County Educational Service Center and represents deposits. GASB No. 3 disclosures regarding this amount can be obtained from the Clark County Educational Service Center's annual report.

**Deposits:** At fiscal year end, the carrying amount of the School District's deposits was \$763,413 and the bank balance was \$976,213. Of the bank balance, \$205,000 was covered by federal depository insurance and \$771,213 was uninsured and uncollateralized. Although the securities serving as collateral were held by the pledging financial institution's trust department in the School District's name and all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the School District to a successful claim by the Federal Deposit Insurance Corporation.

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999  
(Continued)**

**5. DEPOSITS AND INVESTMENTS (Continued)**

**Investments:** The School District's investments are categorized below to give an indication of the level of risk assumed by the School District at fiscal year end. Category 1 includes investments that are insured or registered or for which the securities are held by the School District or its agent in the School District's name. Category 2 includes uninsured and unregistered investments which are held by the counterparty's trust department or agent in the School District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the School District's name.

The only School District investment at year end was STAR Ohio, an investment pool operated by the Ohio State Treasurer. It is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form. The School District's investment in STAR Ohio had a carrying value and a market value of \$2,115,649 at June 30, 1999.

The classification of cash and cash equivalents and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9. A reconciliation between the classifications of cash and investments on the combined financial statements and the classification per GASB Statement No. 3 is as follows:

	<b>Cash and Cash Equivalents/Deposits</b>	<b>Investments</b>
GASB Statement 9	\$2,879,748	\$0
Cash held by Clark County Educational Service Center	(686)	0
Investment:		
STAR Ohio	(2,115,649)	2,115,649
GASB Statement 3	\$763,413	\$2,115,649

**6. PROPERTY TAXES**

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

Property taxes include amounts levied against all real, public utility and tangible personal property located in the School District. Property tax revenue received during calendar 1999 for real and public utility property taxes represents collections of calendar 1998 taxes. Property tax payments received during calendar 1999 for tangible personal property (other than public utility property) is for calendar 1999 taxes.

1999 real property taxes are levied after April 1, 1999, on the assessed value as of January 1, 1999, the lien date. Assessed values are established by State law at thirty-five percent of appraised market value.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at thirty-five percent of true value. 1999 public utility property taxes became a lien December 31, 1998, are levied after April 1, 1999 and are collected in 2000 with real property taxes.

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999  
(Continued)**

**NOTE 6 - PROPERTY TAXES (Continued)**

1999 tangible personal property taxes are levied after April 1, 1998, on the value as of December 31, 1998. Collections are made in 1999. Tangible personal property assessments are twenty-five percent of true 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.

Tangible personal property taxes 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.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property, and public utility taxes which became measurable as of June 30, 1999. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 1999, was \$911,503 in the general fund and \$46,260 in the permanent improvement capital projects fund.

The assessed values upon which the fiscal year 1999 taxes were collected are:

	<u>1998 Second- Half Collections</u>		<u>1999 First- Half Collections</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/Residential and Other Real Estate	\$174,374,561	76.61%	\$200,376,080	77.43%
Public Utility Personal	22,874,430	10.05	23,188,450	8.96
Tangible Personal Property	<u>30,371,705</u>	<u>13.34</u>	<u>35,206,909</u>	<u>13.61</u>
Total Assessed Value	<u>\$227,620,696</u>	<u>100.00%</u>	<u>\$258,771,439</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$47.58		\$39.30	

**7. RECEIVABLES**

Receivables at June 30, 1999, consisted of property taxes, accounts (student fees), and intergovernmental (tuition from other districts). All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds. Intergovernmental receivables consists of \$35,265 in the general fund, which consists of tuition from other School Districts.

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999  
(Continued)**

**8. FIXED ASSETS**

A summary of the enterprise fund's fixed assets at June 30, 1999, follows:

Furniture and Equipment	\$96,623
Less Accumulated Depreciation	<u>(90,881)</u>
Net Fixed Assets	<u><u>\$5,742</u></u>

A summary of the changes in general fixed assets during fiscal year 1999 follows:

<u>Asset Category</u>	<u>Balance at 6/30/98</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at 6/30/99</u>
Land	\$180,827	\$25,000	\$0	\$205,827
Buildings	3,010,742	165,000	0	3,175,742
Furniture and Equipment	1,252,469	706,859	92,618	1,866,710
Vehicles	<u>1,183,198</u>	<u>110,650</u>	<u>0</u>	<u>1,293,848</u>
Total General Fixed Assets	<u><u>\$5,627,236</u></u>	<u><u>\$1,007,509</u></u>	<u><u>\$92,618</u></u>	<u><u>6,542,127</u></u>

There was no significant construction in progress at June 30, 1999.

**9. RISK MANAGEMENT**

**A. Property and Liability**

The School District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 1999, the School District contracted with Nationwide Insurance for liability insurance, and Buckeye Union Insurance for property and fleet insurance. Coverages provided by Nationwide Insurance and Buckeye Union Insurance are as follows:

Building and Contents-replacement cost (\$1,000 deductible)	\$24,219,300
Boiler and Machinery (\$1,000 deductible)	100,000
Crime Insurance	15,000
Automobile Liability (\$500 deductible)	1,000,000
Uninsured Motorists (\$500 deductible)	500,000
General Liability	
Per occurrence	1,000,000
Total per year	5,000,000

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



**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999  
(Continued)**

**9. RISK MANAGEMENT (Continued)**

**B. Workers' Compensation**

For fiscal year 1999, the School District participated in the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan (GRP), a workers' compensation insurance purchasing pool (Note 16). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of CompManagement provides administrative, cost control, and actuarial services to the GRP.

**10. DEFINED BENEFIT PENSION PLANS**

**A. School Employees Retirement System**

The School District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by 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, 45 N. Fourth Street, Columbus, Ohio 43215-3634.

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 1999, 7.7 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 1998, 9.02 percent was used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 1999, 1998, and 1997 were \$102,880, \$124,532 and \$175,796, respectively; 37.86 percent has been contributed for fiscal year 1999 and 100 percent for fiscal years 1998 and 1997. \$63,934 representing the unpaid contribution for fiscal year 1999, is recorded as a liability within the respective funds and the general long-term debt account group.

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999  
(Continued)**

**10. DEFINED BENEFIT PENSION PLANS (Continued)**

**B. State Teachers Retirement System**

The School District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system. STRS provides retirement and disability benefits, annual cost-of-living adjustments, and death and survivor benefits to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information for STRS. That report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3371.

For the fiscal year ended June 30, 1999, plan members were required to contribute 9.3 percent of their annual covered salaries. The School District was required to contribute 14 percent; 6 percent was the portion used to fund pension obligations. For fiscal year 1998, the portion used to fund pension obligations was 10.5 percent. Contribution rates are established by STRS, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 1999, 1998, and 1997 were \$368,134, \$695,342 and \$879,892, respectively; 80.73 percent has been contributed for fiscal year 1999 and 100 percent for fiscal years 1998 and 1997. \$70,942 represents the unpaid contribution for fiscal year 1999 and is recorded as a liability within the respective funds.

**11. POSTEMPLOYMENT BENEFITS**

The School District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS), and to retired non-certified employees and their dependents through the School Employees Retirement System (SERS). Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare premiums. Benefit provisions and the obligations to contribute are established by the Systems based on authority granted by State statute. Both systems are on a pay-as-you-go basis.

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 1999, the STRS Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund, an increase from 3.5 percent for fiscal year 1998. For the School District, this amount equaled \$490,845 for fiscal year 1999.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 1998, (the latest information available) the balance in the Fund was \$2,156 million. For the year ended June 30, 1998, net health care costs paid by STRS were \$219,224,000 and STRS had 91,999 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, and to disability and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than twenty-five years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75 percent of the premium.

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999  
(Continued)**

**11. POSTEMPLOYMENT Benefits (Continued)**

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 1999, employer contributions to fund health care benefits were 6.30 percent of covered payroll, an increase from 4.98 percent for fiscal year 1998. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 1999, the minimum pay was established at \$12,400. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 1999 fiscal year equaled \$120,724.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 125 percent of the annual health care expenses. Expenses for health care for the fiscal year ended June 30, 1998 (the latest information available), were \$111,900,575 and the target level was \$139.9 million. At June 30, 1998, SERS had net assets available for payment of health care benefits of \$160.3 million. SERS has approximately 50,000 participants currently receiving health care benefits.

**12. EMPLOYEE BENEFITS**

**A. Compensated Absences**

The criteria for determining vacation and sick leave components 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. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. 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 234 days for all personnel. Upon retirement, payment is made for twenty-six percent of accrued, but unused sick leave credit to a maximum of 59 days for all employees.

**B. Insurance Benefits**

The School District provides life insurance and accidental death and dismemberment insurance to most employees through Medical Life Insurance Company. Medical/surgical benefits are provided through United Health Care of Ohio and EPC Benefits Plan Trust.

**13. CAPITAL LEASES - LESSEE DISCLOSURE**

In the past, the School District has entered into a capitalized lease for a copier. The lease agreement is accounted for on a GAAP basis as a support services expenditure in the general fund with an offsetting amount reported as an other financing source.

The 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 general purpose financial statements. These expenditures are reported as program/function expenditures on a budgetary basis.

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999  
(Continued)**

**13. CAPITAL LEASES - LESSEE DISCLOSURE (Continued)**

Fixed assets acquired by lease have been capitalized in the general fixed assets account group in the amount of \$236,451, which is equal to the present value of the minimum lease payments at the time of acquisition. A corresponding liability was recorded in the general long-term debt account group. The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 1999.

<u>Fiscal Year Ending June 30,</u>	<u>GLTDAG</u>
2000	\$81,057
2001	75,220
2002	23,845
Total	180,122
Less: Amount Representing Interest	(17,028)
Present Value of Net Minimum Lease Payments	<u>\$163,094</u>

**14. SIGNIFICANT CONTRACTUAL COMMITMENTS**

As of June 30, 1999, the School District had contractual purchase commitments with Field & Associates, Enterprise Roofing and C & N Industry in the amounts of \$43,400, \$27,501 and \$58,289, respectively.

**15. LONG-TERM OBLIGATIONS**

The changes in the School District's long-term obligations during fiscal year 1999 were as follows:

	<u>Amount Outstanding 6/30/98</u>	<u>Additions</u>	<u>Deductions</u>	<u>Amount Outstanding 6/30/99</u>
Energy Conservation Loan 1995 5.15%	\$385,000	\$0	\$45,000	\$340,000
Capital Leases	64,699	152,627	54,232	163,094
Intergovernmental Payable	106,512	104,359	106,512	104,359
Compensated Absences	876,548	0	19,784	856,764
Total General Long-Term Obligations	<u>\$1,432,759</u>	<u>\$256,986</u>	<u>\$225,528</u>	<u>\$1,464,217</u>

In July, 1995, the School District issued an energy conservation loan in the amount of \$515,000 for the purpose of implementing energy conservation measures. This loan is backed by the full faith and credit of the School District. The loan will mature in June, 2005. The energy conservation loan will be retired from the general fund, the fund that received the proceeds.

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999  
(Continued)**

**15. LONG-TERM OBLIGATIONS (Continued)**

Capital leases will be paid from the general fund. Intergovernmental payable and compensated absences will be paid from the fund from which the employees' salaries are paid. The intergovernmental payable represents contractually required pension contributions paid outside the available period.

The School District's overall legal debt margin was \$23,405,451, the energy conservation debt margin was \$1,988,943 and the unvoted debt margin of \$258,771 at June 30, 1999.

Principal and interest requirements to retire the energy conservation loan outstanding at June 30, 1999, are as follows:

<b>Fiscal year Ending June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2000	\$50,000	\$17,510	\$67,510
2001	50,000	14,935	64,935
2002	55,000	12,360	67,360
2003	60,000	9,528	69,528
2004	60,000	6,438	66,438
2005	65,000	3,347	68,347
Total	<u>\$340,000</u>	<u>\$64,118</u>	<u>\$404,118</u>

**16. JOINTLY GOVERNED ORGANIZATIONS AND INSURANCE PURCHASING POOL**

**A. Jointly Governed Organizations**

**Miami Valley Educational Computer Association** - The School District is a participant in the Miami Valley Educational Computer System (MVECA) which is a computer consortium. MVECA is an association of public schools within the boundaries of Clark, Clinton, Fayette, Greene and Highland Counties and Cities of Springfield, Wilmington, Washington Court House, Xenia and Hillsboro. 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 districts.

The governing board of MVECA consists of five Superintendents and two Treasurers of member school districts, with four of the five Superintendents and both Treasurers elected by a majority vote of all member school districts except the Greene County Career Center. The fifth Superintendent is from the Greene County Career Center. The School District paid MVECA \$16,366 for services provided during the year. Financial information can be obtained from Gary Bosserman, who serves as Director, at 330 East 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 nearly 100 school districts in 12 counties. The Montgomery County Educational Service Center acts as the Fiscal Agent for the group. 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.

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999  
(Continued)**

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

**A. Jointly Governed Organizations (Continued)**

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 by the Fiscal Agent. 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 1999, the School District paid \$69,362 to SOEPC. To obtain financial information, write to the Southwestern Ohio Educational Purchasing Council, Robert Brown, who serves as Director, at 1831 Harshman Road, Dayton, Ohio 45424.

**Southwestern Ohio Instructional Technology Association** - The Southwestern Ohio Instructional Technology Association (SOITA) is a not-for-profit corporation formed under Section 1702.01 of the Ohio Revised Code. The purpose of the corporation is to serve the educational needs of the area through television programming for the advancement of educational programs.

The Board of Trustees is comprised of twenty-one representatives of SOITA member schools or institutions. Nineteen representatives are elected from within the counties by the qualified members within the counties, i.e. Auglaize, Butler, Champaign, Clark, Clinton, Darke, Fayette, Greene, Hamilton, Logan, Mercer, Miami, Montgomery, Preble, Shelby, and Warren. Montgomery, Greene and Butler Counties elect two representatives per area. All others elect one representative per area. All Superintendents, except for those from educational service centers, vote on the representatives after the nominating committee nominates individuals to run. One at-large non-public representative is elected by the non-public school SOITA members in the State assigned SOITA service area. One at-large higher education representative is elected by higher education SOITA members from within the State assigned SOITA service area.

All member districts are obligated to pay all fees, charges, or other assessments as established by the SOITA. Upon dissolution, the net assets shall be distributed to the federal government, or to a state or local government, for a public purpose. Payments to SOITA are made from the General Fund. During fiscal year 1999, the School District paid \$26,543 to SOITA. To obtain financial information, write to the Southwestern Ohio Instructional Technology Association, Steve Strouse, who serves as Director, at 150 East Sixth Street, Franklin, Ohio 45005.

**Clark County Family and Children First Council** - The Clark County Family and Children First Council (the Council) is a voluntary association established with the purpose to coordinate and integrate those services within Clark County which are available for families and children 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 eighteen representatives of each of the members of the Council, including the Superintendent of the Clark County Educational Service Center, who was appointed by the Superintendents of the Clark County schools. 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 Local School District does not pay any dues since the Clark County Educational Service Center represents the School District. 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, Marilyn Demma, who serves as Treasurer, at 6 West High Street, Suite 500, Springfield, Ohio 45502.

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999  
(Continued)**

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

**B. Insurance Purchasing Pool**

**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), an insurance purchasing pool. The GRP's business and affairs are conducted by an eleven member Executive Committee consisting of the Chairperson, the Vice-Chairperson, a representative from the Montgomery County Educational Service Center and eight other members elected by majority vote of all member school districts. The Chief Administrator of GRP serves as the coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

**17. SCHOOL FUNDING COURT DECISION**

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in the system. Declared unconstitutional was the State's "school foundation program" which provides significant amounts of monetary support to the School District. During the fiscal year ended June 30, 1999, the School District received \$4,737,236 in school foundation basic allowance support for its general fund.

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the Ohio General Assembly in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County has reviewed the new laws and, in a decision issued on February 26, 1999, determined they are not sufficiently responsive to the constitutional issues raised under the "thorough and efficient" clause of the Ohio Constitution. The State has appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. At this time, the Ohio Supreme Court has not rendered an opinion on this issue. The decision of the Court of Common Pleas in Perry County has been stayed by the Ohio Supreme Court, and, as such, school districts are still operating under the laws that the Common Pleas Court declared unconstitutional.

As of the date of these financial statements, the School District is unable to determine what effect, if any, this ongoing litigation will have on its future State funding under this program and on its financial operations.

**18. SET-ASIDE CALCULATIONS AND FUND RESERVES**

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 year-end or offset by similarly restricted resources received during the year must be held in cash at year-end and carried forward to be used for the same purposes in future years. The School District is also required to set aside money for budget stabilization.

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999  
(Continued)**

**18. SET-ASIDE CALCULATIONS AND FUND RESERVES (Continued)**

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

	<u>Textbooks</u>	<u>Capital Acquisition</u>	<u>Budget Stabilization</u>	<u>Totals</u>
Set-aside Cash Balance as of June 30, 1998	\$0	\$0	\$51,583	\$51,583
Current Year Set-aside Requirement	203,534	203,534	101,767	508,835
Additional Money Set Aside	0	0	13,233	13,233
Workers Compensation Refund	0	0	216	216
Current Year Offsets	(35,417)	(417,864)	0	(453,281)
Qualifying Disbursements	(237,939)	(220,088)	0	(458,027)
Total	<u>(\$69,822)</u>	<u>(\$434,418)</u>	<u>\$166,799</u>	<u>(\$337,441)</u>
Cash Balance Carried Forward to FY 1999	<u>\$0</u>	<u>\$0</u>	<u>\$166,799</u>	<u>\$166,799</u>
Less: Additional Money Set-Aside				<u>(13,233)</u>
Total Restricted Assets				<u>\$153,566</u>

Although the School District had offsets and qualifying disbursements during the year that reduced the set-aside amounts for textbooks and instructional materials and capital acquisitions to below zero, these extra amounts may not be used to reduce the set-aside requirements of future years. The negative amounts for textbooks and instructional materials and capital acquisitions are therefore not presented as being carried forward to the next fiscal year. The School District also set-aside additional money in excess of statutory requirements for budget stabilization. This amount is presented on the balance sheet as a designation of fund balance rather than as a reserve, and is therefore not included in restricted assets.

**19. YEAR 2000 COMPLIANCE**

The year 2000 issue is the result of shortcomings in many electronic data processing systems and other equipment that may adversely affect the government's operations as early.

As of June 30, 1999, Clark-Shawnee Local School District has completed an inventory of computer systems and other equipment necessary to conducting the School District operations. The School District uses Ohio Education Computer Network (OECN) State Software for their budgetary, payroll, fixed asset inventory and education management information system (EMIS). These services are provided by the Miami Valley Educational Computer Association (MVECA - See Note 16). The State is responsible for remediating this system and no costs will be imposed to the School District as a result of the program modifications.

Clark County collects property taxes for distribution to Clark-Shawnee Local School District. Clark County is responsible for remediating the tax collection system and is solely responsible for any costs associated with the tax collection system project.



**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999  
(Continued)**

**19. YEAR 2000 COMPLIANCE (Continued)**

The State of Ohio distributes a substantial sum of money to the School District in the form of "Foundation" payments. Further, the State processes a significant amount of financial and non-financial information about the School District through the State's Education Management and Information System (EMIS). The State is responsible for remediating these systems and is solely responsible for any costs associated with the Foundation processing and EMIS systems.

To the best of management's knowledge and belief, as of January 31, 2000, the District experienced no significant interruption of mission critical operations or services related to the year 2000 issue. However, because of the unpredictable nature of the Year 2000 issue, matters may yet arise, and parties with whom the District does business may also experience Year 2000 readiness issues that are as yet unknown.

**20. CONTINGENCIES**

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 is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 1999.

**21. SUBSEQUENT EVENT**

On December 21, 1999 the District accepted a bid of \$306,201.00 for window replacements at the Possum and Rockway buildings.

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FOR THE YEAR ENDED JUNE 30,1999**

Federal Grantor/ Pass through Grantor Program Title	Pass through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<b>U.S. DEPARTMENT OF AGRICULTURE</b>						
Passed Through Ohio Department of Education:						
Nutrition Cluster:						
Food Distribution Program	N/A	10.550	\$0	\$35,165	\$0	\$40,017
National School Lunch Program	03-PU-98	10.555	10,851	0	10,851	0
	03-PU-99		26,709	0	26,709	0
	04-PU-98		17,784	0	17,784	0
	04-PU-99		45,312	0	45,312	0
Total National School Lunch			<u>100,656</u>	<u>0</u>	<u>100,656</u>	<u>0</u>
Total U.S. Department of Agriculture- Nutrition Cluster			<u>100,656</u>	<u>35,165</u>	<u>100,656</u>	<u>40,017</u>
<b>U.S. DEPARTMENT OF EDUCATION</b>						
Passed Through Ohio Department of Education:						
Title 1 Grants to Local Educational Agencies	C1-S1-98	84.010	55,000	0	85,951	0
	C1-S1-98C		15,044	0	15,044	0
	C1-S1-99		276,360	0	267,482	0
			<u>346,404</u>	<u>0</u>	<u>368,477</u>	<u>0</u>
Innovative Educational Program Strategies	C2-S1-99	84.298	9,016	0	15,958	0
Special Education Grants to States (IDEA Part B)	6B-SF-98P	84.027	1,451	0	1,451	0
	6B-SF-99		70,296	0	70,296	0
			<u>71,747</u>	<u>0</u>	<u>71,747</u>	<u>0</u>
Goals 2000	G2-SP-99	84.276	10,000	0	5,290	0
Passed Through Clark County Educational Service Center:						
Eisenhower Professional Development State Grant	MS-S1-99	84.281	7,898	0	7,898	0
Direct Receipt						
PL874 Impact Aid	N/A	84.041	1,556	0	1,556	0
Telecommunications Act Grant	N/A	84.xxx	2,875	0	2,875	0
Total U.S. Department of Education			<u>449,496</u>	<u>0</u>	<u>473,801</u>	<u>0</u>
<b>U.S. BUREAU OF LAND MANAGEMENT</b>						
Passed Through Clark County Auditor:						
PL97-258 Flood Control	N/A	15.226	191	0	191	0
<b>Total Federal Financial Assistance</b>			<u>\$550,343</u>	<u>\$35,165</u>	<u>\$574,648</u>	<u>\$40,017</u>

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

**NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FISCAL YEAR ENDED JUNE 30, 1999**

**NOTE A--SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Federal Awards Expenditures (the Schedule) summarizes activity of the District's federal award programs. The schedule has been prepared on the cash basis of accounting.

**NOTE B— NUTRITION CLUSTER**

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first.

**NOTE C— FEDERAL GRANTS WHOSE FUNDS ARE COMMINGLED WITH OTHER REVENUE SOURCES**

The PL874 Impact Aid (CFDA # 84.041) program federal grant receipts were commingled with state and local revenues. It was assumed that federal monies were expended first.

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JIM PETRO, AUDITOR OF STATE

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

Clark-Shawnee Local School District  
Clark County  
1561 East Possum Road  
Springfield, Ohio 45502

To the Board of Education:

We have audited the financial statements of Clark Shawnee Local School District, Clark County, (the District) as of and for the year ended June 30, 1999, and have issued our report thereon dated January 31, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted immaterial instance of noncompliance that we have reported to management of the District in a separate letter dated January 31, 2000.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to the management of the District in a separate letter dated January 31, 2000.

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

**JIM PETRO**  
Auditor of State

January 31, 2000



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OFFICE OF THE AUDITOR

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

Clark-Shawnee Local School District  
Clark County  
1561 East Possum Road  
Springfield, Ohio 45502

To the Board of Education:

**Compliance**

We have audited the compliance of Clark Shawnee Local School District, Clark County (the District), with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 1999. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 1999.

**Internal Control Over Compliance**

The management of District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

**Internal Control Over Compliance**  
(Continued)

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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

**JIM PETRO**  
Auditor of State

January 31, 2000



**SCHEDULE OF FINDINGS**  
**OMB CIRCULAR A -133 § .505**  
**JUNE 30,1999**

**1. SUMMARY OF AUDITOR'S RESULTS**

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unqualified
<b>(d)(1)(ii)</b>	<b>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weakness conditions reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any other reportable internal control weakness conditions reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under §.510?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Programs (list):</b>	Title I - CFDA # 84.010
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A\B Programs</b>	Type A: > \$ 300,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee?</b>	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

CLARK-SHAWNEE LOCAL SCHOOL DISTRICT  
 CLARK COUNTY  
 JUNE 30, 1999

SCHEDULE OF PRIOR AUDIT FINDINGS FOR FISCAL YEAR ENDING JUNE 30,1998  
 OMB CIRCULAR A -133 § .315 (b)

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain:</i></b>
1998-10312-001	Ohio Rev. Code 5705.41 (B), Expenditures exceeding appropriations	Partially Corrected	The Appropriation Resolution was modified three additional times during the next fiscal year to rectify the situation.



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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**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 7, 2000**