



Mary Taylor, CPA
Auditor of State

**CLINTON-MASSIE LOCAL SCHOOL DISTRICT
CLINTON COUNTY**

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Clinton-Massie Local School District
Clinton County
2556 Lebanon Road
Clarksville, Ohio 45113

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Clinton-Massie Local School District, Clinton County, Ohio (the District), as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Clinton-Massie Local School District, Clinton County, Ohio, as of June 30, 2008, and the respective changes in financial position thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 23, 2009, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements. The federal awards receipts and expenditure schedule provides additional information and is not a required part of the basic financial statements. We subjected the federal awards expenditure schedule to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

Mary Taylor, CPA
Auditor of State

June 23, 2009

**CLINTON-MASSIE LOCAL SCHOOL DISTRICT
CLINTON COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

The management's discussion and analysis of the Clinton-Massie Local School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2008. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2008 are as follows:

- In total, net assets of governmental activities increased \$3,882,882 which represents an 8.64% increase from 2007.
- General revenues accounted for \$15,554,049 in revenue or 72.32% of all revenues. The District received \$3,500,000 in refunds from Ohio School Facilities Commission, which is presented as a special item. Program specific revenue in the form of charges for services and sales, grants and contributions accounted for \$2,454,641 or 11.41% of total revenues of \$21,508,690.
- The District had \$17,625,808 in expenses related to governmental activities; only \$2,454,641 of these expenses were offset by program specific charges for services and sales, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$15,554,049 were adequate to provide for these programs.
- The District's major governmental funds are the general fund, debt service fund and classroom facilities fund. The general fund had \$14,472,063 in revenues and other financing sources and \$14,333,468 in expenditures and other financing uses. During fiscal year 2008, the general fund's fund balance increased \$138,595 from \$2,622,816 to \$2,761,411.
- The debt service fund had \$8,478,939 in revenues and other financing sources and \$7,733,475 in expenditures. The debt service fund also received \$3,500,000 in refunds from the Ohio School Facilities Commission that is presented as a special item. During fiscal year 2008, the debt service fund's fund balance increased \$4,245,464 from \$2,918,400 to \$7,163,864.
- The classroom facilities fund had \$19,014,247 in revenues and \$8,444,287 in expenditures and other financing uses. During fiscal year 2008, the classroom facilities fund's fund balance increased \$10,569,960 from \$2,363,715 to \$12,933,675

Using the Basic Financial Statements

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The *statement of net assets* and *statement of activities* provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other nonmajor funds presented in total in one column. In the case of the District, the general fund, debt service fund and classroom facilities fund are by far the most significant funds, and the only governmental funds reported as major funds.

**CLINTON-MASSIE LOCAL SCHOOL DISTRICT
CLINTON COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

Reporting the District as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2008?" The statement of net assets and the statement of activities answer this question. These statements include *all assets, liabilities, revenues and expenses* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. The accrual basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the statement of net assets and the statement of activities, the governmental activities include the District's programs and services, including instruction, support services, operation and maintenance of plant, pupil transportation, extracurricular activities, and food service operations.

The District's statement of net assets and statement of activities can be found on pages 13-14 of this report.

Reporting the District's Most Significant Funds

Fund Financial Statements

The analysis of the District's major governmental funds begins on page 9. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental funds are the general fund, debt service fund and classroom facilities fund.

Governmental Funds

Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called *modified accrual* accounting, which measures cash and all other *financial assets* than can readily be converted to cash. The governmental fund financial statements provide a detailed *short-term* view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental *activities* (reported in the statement of net assets and the statement of activities) and governmental *funds* is reconciled in the basic financial statements. The basic governmental fund financial statements can be found on pages 15-19 of this report.

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for its scholarship programs. This activity is presented as a private-purpose trust fund. The District also acts in a trustee capacity as an agent for individuals. These activities are reported in an agency fund. All of the District's fiduciary activities are reported in separate statements of fiduciary net assets and changes in fiduciary net assets on pages 20 and 21. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

**CLINTON-MASSIE LOCAL SCHOOL DISTRICT
CLINTON COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. These notes to the basic financial statements can be found on pages 22-48 of this report.

The District as a Whole

The statement of net assets provides the perspective of the District as a whole.

The table below provides a summary of the District's net assets at June 30, 2008 and June 30, 2007.

	Net Assets	
	Governmental Activities 2008	Governmental Activities 2007
<u>Assets</u>		
Current and other assets	\$ 45,734,121	\$ 46,717,308
Capital assets, net	<u>28,749,351</u>	<u>21,524,444</u>
Total assets	<u>74,483,472</u>	<u>68,241,752</u>
<u>Liabilities</u>		
Current liabilities	9,853,972	7,196,052
Long-term liabilities	<u>15,793,328</u>	<u>16,092,410</u>
Total liabilities	<u>25,647,300</u>	<u>23,288,462</u>
<u>Net Assets</u>		
Invested in capital assets, net of related debt	13,491,279	5,895,490
Restricted	32,902,804	36,781,358
Unrestricted	<u>2,442,089</u>	<u>2,276,442</u>
Total net assets	<u>\$ 48,836,172</u>	<u>\$ 44,953,290</u>

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2008, the District's assets exceeded liabilities by \$48,836,172. Of this total \$32,902,804 is restricted in use.

At year-end, capital assets represented 38.60% of total assets. Capital assets include land, construction in progress, land improvements, buildings and improvements, equipment and vehicles. Capital assets, net of accumulated depreciation, increased \$7,224,907 as a result of construction in progress additions from the Ohio School Facilities Construction (OSFC) Project that began in 2008. Capital assets, net of related debt to acquire the assets at June 30, 2008, were \$13,491,279. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

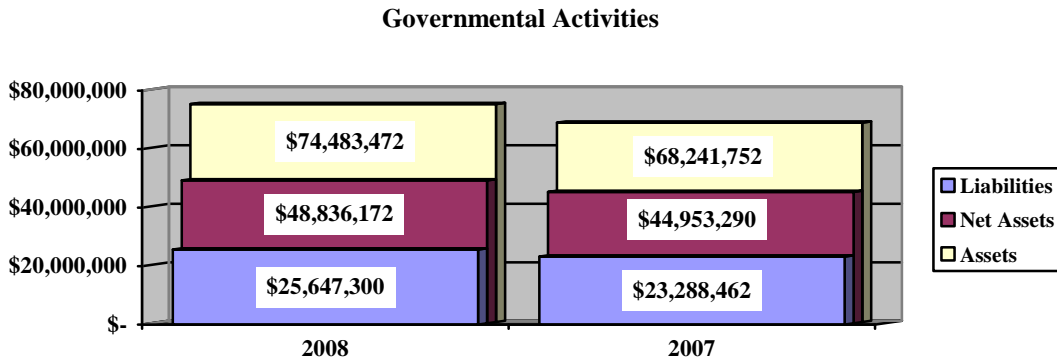
**CLINTON-MASSIE LOCAL SCHOOL DISTRICT
CLINTON COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

A portion of the District's net assets, \$32,902,804, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets of \$2,442,089 may be used to meet the District's ongoing obligations to the students and creditors.

Governmental activities net assets of the District increased \$3,882,882 between fiscal years 2008 and 2007 due to the District participating in the Ohio Schools Facilities Commission building program.

The graph below illustrates the District's assets, liabilities, and net assets at June 30, 2008 and June 30, 2007.



The table below shows the change in net assets for fiscal years 2008 and 2007.

Change in Net Assets

	Governmental Activities 2008	Governmental Activities 2007
Revenues		
Program revenues:		
Charges for services and sales	\$ 904,777	\$ 846,528
Operating grants and contributions	1,317,589	1,267,601
Capital grants and contributions	232,275	20,008
General revenues:		
Property taxes	5,878,138	5,198,653
Grants and entitlements	9,278,700	45,625,076
Investment earnings	355,315	369,706
Miscellaneous	41,896	22,790
Special item - Refund to OSFC	3,500,000	-
Total revenues	\$ 21,508,690	\$ 53,350,362

**CLINTON-MASSIE LOCAL SCHOOL DISTRICT
CLINTON COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

Change in Net Assets

	Governmental Activities <u>2008</u>	Governmental Activities <u>2007</u>
<u>Expenses</u>		
Program expenses:		
Instruction:		
Regular	\$ 7,315,263	\$ 6,881,892
Special	935,414	940,717
Other	1,029,722	945,199
Support services:		
Pupil	912,760	921,846
Instructional staff	1,273,710	1,257,297
Board of education	17,092	20,474
Administration	1,100,960	1,044,022
Fiscal	462,710	429,125
Business	35,883	33,113
Operations and maintenance	1,411,518	1,397,847
Pupil transportation	1,048,923	954,349
Central	8,157	6,191
Operations of non-instructional services:		
Other non-instructional services	8,000	6,000
Food service operations	615,248	631,247
Extracurricular activities	618,719	611,424
Interest and fiscal charges	<u>831,729</u>	<u>782,801</u>
Total expenses	<u>17,625,808</u>	<u>16,863,544</u>
Change in net assets	3,882,882	36,486,818
Net assets at beginning of year	<u>44,953,290</u>	<u>8,466,472</u>
Net assets at end of year	<u>\$ 48,836,172</u>	<u>\$ 44,953,290</u>

Governmental Activities

Net assets of the District's governmental activities increased \$3,882,882. Total governmental expenses of \$17,625,808 were offset by program revenues of \$2,454,641, a refund from the Ohio School Facilities Commission of \$3,500,000 and general revenues of \$15,554,049. Program revenues supported 13.93% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes, and grants and entitlements. These revenue sources represent 84.16% of total governmental revenue. Real estate property is reappraised every six years. The approximately \$36 million decrease in grants and entitlements is a result of the \$36,404,159 grant from the OSFC which was awarded and recognized as revenue in 2007. This represents the State share of the District's OSFC Construction Project.

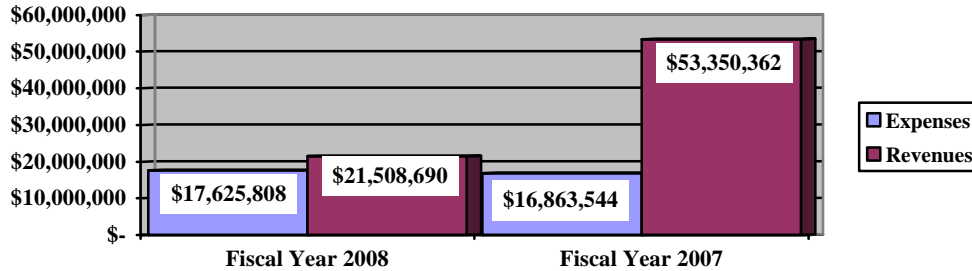
The increase in net assets of \$3,882,882 from the prior year can be attributed to increased tax revenues and the special item relating to the Ohio School Facilities Commission project refund in the amount of \$3,500,000.

**CLINTON-MASSIE LOCAL SCHOOL DISTRICT
CLINTON COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

The graph below presents the District's governmental activities revenue and expenses for fiscal years 2008 and 2007.

Governmental Activities - Revenues and Expenses



The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements.

Governmental Activities

	Total Cost of Services 2008	Net Cost of Services 2008	Total Cost of Services 2007	Net Cost of Services 2007
Program expenses				
Instruction:				
Regular	\$ 7,315,263	\$ 6,761,719	\$ 6,881,892	\$ 6,575,312
Special	935,414	420,212	940,717	439,261
Vocational	-	(2,742)	-	-
Other	1,029,722	892,961	945,199	827,991
Support services:				
Pupil	912,760	888,166	921,846	886,219
Instructional staff	1,273,710	984,197	1,257,297	961,147
Board of education	17,092	17,092	20,474	20,474
Administration	1,100,960	1,042,560	1,044,022	1,012,166
Fiscal	462,710	462,710	429,125	429,125
Business	35,883	35,883	33,113	33,113
Operations and maintenance	1,411,518	1,411,518	1,397,847	1,397,847
Pupil transportation	1,048,923	1,018,462	954,349	898,217
Central	8,157	1,789	6,191	15
Operations of non-instructional services				
Other non-instructional services	8,000	8,000	6,000	6,000
Food service operations	615,248	(28,535)	631,247	37,828
Extracurricular activities	618,719	425,446	611,424	421,891
Interest and fiscal charges	831,729	831,729	782,801	782,801
Total expenses	<u>\$ 17,625,808</u>	<u>\$ 15,171,167</u>	<u>\$ 16,863,544</u>	<u>\$ 14,729,407</u>

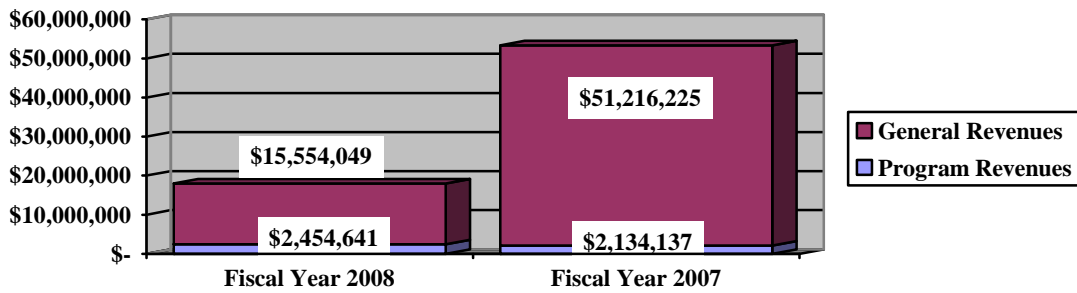
**CLINTON-MASSIE LOCAL SCHOOL DISTRICT
CLINTON COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

The dependence upon tax and other general revenues for governmental activities is apparent, 86.98% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 86.07%. The District's taxpayers and unrestricted grants and entitlements from the State of Ohio, as a whole, are by far the primary support for District's students.

The graph below presents the District's governmental activities revenue for fiscal years 2008 and 2007.

Governmental Activities - General and Program Revenues



The District's Funds

The District's governmental funds (as presented on the balance sheet on page 15) reported a combined fund balance of \$23,174,125, which is higher than last year's total of \$8,110,602. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2008 and 2007.

	Fund Balance <u>June 30, 2008</u>	Fund Balance <u>June 30, 2007</u>	<u>Increase</u>
General	\$ 2,761,411	\$ 2,622,816	\$ 138,595
Debt Service	7,163,864	2,918,400	4,245,464
Classroom Facilities	12,933,675	2,363,715	10,569,960
Other Governmental	<u>315,175</u>	<u>205,671</u>	<u>109,504</u>
Total	<u>\$ 23,174,125</u>	<u>\$ 8,110,602</u>	<u>\$ 15,063,523</u>

General Fund

The District's general fund's fund balance increased by \$138,595. The increase in fund balance can be attributed to transfers in from the classroom facilities fund in the amount of \$514,653.

**CLINTON-MASSIE LOCAL SCHOOL DISTRICT
CLINTON COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

The table that follows assists in illustrating the financial activities and fund balance of the general fund.

	<u>2008</u> Amount	<u>2007</u> Amount	Increase/ (Decrease)	Percentage Change
<u>Revenues</u>				
Taxes	\$ 3,951,315	\$ 3,548,262	\$ 403,053	11.36 %
Tuition	54,303	62,025	(7,722)	(12.45) %
Earnings on investments	363,204	334,831	28,373	8.47 %
Intergovernmental	9,542,558	9,507,225	35,333	0.37 %
Other revenues	<u>46,030</u>	<u>26,074</u>	<u>19,956</u>	76.54 %
Total	<u>\$ 13,957,410</u>	<u>\$13,478,417</u>	<u>\$ 478,993</u>	3.55 %
<u>Expenditures</u>				
Instruction	\$ 8,055,049	\$ 7,659,352	\$ 395,697	5.17 %
Support services	5,826,056	5,518,129	307,927	5.58 %
Operation of non-instructional services	8,000	6,000	2,000	33.33 %
Extracurricular activities	393,968	391,865	2,103	0.54 %
Facilities acquisition and construction	15,424	-	15,424	100.00 %
Debt service	<u>32,605</u>	<u>107,681</u>	<u>(75,076)</u>	(69.72) %
Total	<u>\$ 14,331,102</u>	<u>\$13,683,027</u>	<u>\$ 648,075</u>	4.74 %

Tuition revenue decreased \$7,722 or 12.45%. This decrease is a result of a decrease in open enrollment from other Districts. Earnings on investments increased \$28,373. This increase can be attributed to more funds to invest. Tax revenues increased \$403,053 or 11.36% due to the amount available from the County and the amount collected by the County at June 30, 2008.

Overall expenditures increased 4.74%. The increase in facilities acquisition and construction can be attributed to the District's ongoing capital improvements. The increase in instructional and support service expenditures is a result of overall increased costs faced by the District, specifically, standard and customary wage and benefit increases.

Debt Service Fund

The District's debt service fund's fund balance increased by \$4,245,464. The debt service fund had \$8,478,939 in revenues and other financing sources, \$3,500,000 in special items and \$7,733,475 in expenditures. The increase in fund balance can be attributed to the refund from the Ohio School Facilities Commission.

Classroom Facilities Fund

The District's classroom facilities fund's balance increased to \$10,569,960. The classroom facilities fund had \$19,014,247 in revenues and \$8,444,287 in expenditures and other financing uses. The increase in fund balance is a result of the District receiving revenue from the State for an Ohio School Facilities Commission project.

General Fund Budgeting Highlights

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

**CLINTON-MASSIE LOCAL SCHOOL DISTRICT
CLINTON COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

During the course of fiscal year 2008, the District amended its general fund budget. For the general fund, final budgeted revenues and other financing sources were \$15,319,508, which was higher than the original budgeted revenues estimate of \$14,599,383. Actual revenues and other financing sources for fiscal year 2008 were \$14,508,749 which was lower than the final budgeted revenues by \$810,759.

General fund original appropriations (appropriated expenditures plus other financing uses) of \$14,746,103 were decreased to \$14,718,921 in the final budget. The actual budget basis expenditures and other financing uses for fiscal year 2008 totaled \$14,458,414, which was \$260,507 lower than final budgeted amounts.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2008, the District had \$28,749,351 invested in land, construction in progress, land improvements, buildings and improvements, equipment, and vehicles. This entire amount is reported in governmental activities. The following table shows June 30, 2008 balances compared to June 30, 2007:

	Capital Assets at June 30 (Net of Depreciation)	
	<u>Governmental Activities</u>	
	<u>2008</u>	<u>2007</u>
Land	\$ 432,953	\$ 384,905
CIP	8,738,006	774,271
Land improvements	1,349,027	1,443,983
Building and improvements	17,382,499	18,082,192
Equipment	396,172	441,702
Vehicles	<u>450,694</u>	<u>397,391</u>
Total	<u>\$ 28,749,351</u>	<u>\$ 21,524,444</u>

The District has reported \$8,179,786 in additions, of which \$7,963,735 is construction in progress, and \$321,965 in disposals of equipment (fully depreciated) during 2008. The District recorded \$954,879 in depreciation expense for fiscal year 2008.

See Note 8 to the basic financial statements for additional information on the District's capital assets.

Debt Administration

At June 30, 2008, the District had \$15,258,072 in general obligation bonds and notes outstanding. Of this total, \$6,879,451 is due within one year and \$8,378,621 is due within greater than one year.

**CLINTON-MASSIE LOCAL SCHOOL DISTRICT
CLINTON COUNTY, OHIO**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

The following table summarizes the bonds and notes outstanding.

Outstanding Debt, at Year End

	Governmental Activities <u>2008</u>	Governmental Activities <u>2007</u>
Bonds	\$ 8,719,072	\$ 9,057,653
Notes	6,539,000	6,539,000
Capital leases	<u>-</u>	<u>32,301</u>
Total	<u>\$ 15,258,072</u>	<u>\$ 15,628,954</u>

See Note 10 to the basic financial statements for additional information on the District's debt administration.

Current Financial Related Activities

The District is on reasonably solid financial ground for the next two years. At the end of fiscal year 2008, the District had approximately 3 months of unencumbered operating reserves. This financial health has been a consistent strength over the past decade; as Clinton-Massie has not had an operating levy on the ballot in over 19 years, which is very unusual given the current school funding climate in Ohio. Although enrollment had been increasing at a relative small, but steady pace over the past ten years, enrollment in the last two years has been rather stagnant. State funding, has likewise, been stagnant.

Due to heavy funding by the state, the District is highly susceptible to any/all changes made to the school funding formula. State funding did not increase by as much (per pupil) over the past two State biennial budgets as previously. This trend in decreased support from the state has and will continue to present challenges. Operational expenditures continue to increase at a higher rate than increases in state and local revenues. The trend of expenditures outpacing revenues in future years is expected to continue unless programs are reduced, or new sources of revenues are found. The district is currently weighing alternatives, and making various cost-conscious changes, where possible, before going to the voters to ask for more local tax dollars. However, without major reform to the state funding system, a tax levy will be needed in the near future.

The District added a new High School in fiscal year 2005 while all existing buildings remained open. The District is now working with the Ohio School Facilities Commission (OSFC) on a Classroom Facilities Assistance Program (CFAP) building project. In September of 2008, a renovated Middle School was opened for use, and a new Elementary School building was well underway. The additions of the new buildings will likely result in increased expenditures.

Academically, the District was rated as "Effective" by ODE for the 2007-2008 school year. Administration will continue to work diligently to regain the "Excellent" rating they held until last year. The District is making very good use of the financial resources it has been entrusted with and will continue to pursue excellence in every area.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to reflect the District's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to, Clinton-Massie Local School District, Cathy Leichliter, Treasurer, 2556 Lebanon Road, Clarksville, Ohio 45113.

**CLINTON-MASSIE LOCAL SCHOOL DISTRICT
CLINTON COUNTY, OHIO**

STATEMENT OF NET ASSETS
JUNE 30, 2008

	Governmental Activities
Assets:	
Equity in pooled cash and investments.	\$ 26,426,656
Cash with escrow agent	52,505
Receivables:	
Taxes	6,494,342
Accounts	9,200
Intergovernmental	12,696,548
Accrued interest	7,090
Prepayments	12,379
Materials and supplies inventory.	35,401
Capital assets:	
Land and construction in progress	9,170,959
Depreciable capital assets, net.	19,578,392
Total capital assets, net	28,749,351
 Total assets.	 74,483,472
Liabilities:	
Accounts payable.	42,796
Contracts payable.	2,234,153
Retainage payable	52,505
Accrued wages and benefits	1,191,976
Pension obligation payable.	374,254
Intergovernmental payable	91,031
Unearned revenue	5,706,501
Accrued interest payable	160,756
Long-term liabilities:	
Due within one year.	6,981,197
Due within more than one year	8,812,131
 Total liabilities	 25,647,300
Net assets:	
Invested in capital assets, net of related debt.	13,491,279
Restricted for:	
Capital projects	25,566,682
Debt service.	7,121,934
Classroom facilities maintenance	123,256
Locally funded programs	1,846
State funded programs	1,232
Federally funded programs	6,972
Student activities	37,298
Other purposes	43,584
Unrestricted	2,442,089
 Total net assets	 \$ 48,836,172

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CLINTON-MASSIE LOCAL SCHOOL DISTRICT
CLINTON COUNTY, OHIO**

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
Instruction:					
Regular	\$ 7,315,263	\$ 249,903	\$ 85,172	\$ 218,469	\$ (6,761,719)
Special	935,414	13,545	501,657	-	(420,212)
Vocational	-	-	2,742	-	2,742
Other	1,029,722	-	136,761	-	(892,961)
Support services:					
Pupil	912,760	-	24,594	-	(888,166)
Instructional staff	1,273,710	-	289,513	-	(984,197)
Board of education	17,092	-	-	-	(17,092)
Administration	1,100,960	-	58,400	-	(1,042,560)
Fiscal	462,710	-	-	-	(462,710)
Business	35,883	-	-	-	(35,883)
Operations and maintenance	1,411,518	-	-	-	(1,411,518)
Pupil transportation	1,048,923	-	16,655	13,806	(1,018,462)
Central	8,157	-	6,368	-	(1,789)
Operation of non-instructional services:					
Other non-instructional services	8,000	-	-	-	(8,000)
Food service operations	615,248	455,932	187,851	-	28,535
Extracurricular activities	618,719	185,397	7,876	-	(425,446)
Interest and fiscal charges	831,729	-	-	-	(831,729)
Totals	\$ 17,625,808	\$ 904,777	\$ 1,317,589	\$ 232,275	(15,171,167)
General revenues:					
Property taxes levied for:					
General purposes					4,052,086
Debt service					1,746,323
Special revenue					79,729
Grants and entitlements not restricted					
to specific programs					9,278,700
Investment earnings					355,315
Miscellaneous					41,896
Total general revenues					15,554,049
Special item:					
Refund from Ohio School Facilities Commission					3,500,000
Total general revenues and special item					19,054,049
Change in net assets					3,882,882
Net assets at beginning of year					44,953,290
Net assets at end of year					\$ 48,836,172

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CLINTON-MASSIE LOCAL SCHOOL DISTRICT
CLINTON COUNTY, OHIO**

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2008

	<u>General</u>	<u>Debt Service Fund</u>	<u>Classroom Facilities Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:					
Equity in pooled cash and investments	\$ 3,904,744	\$ 7,038,751	\$ 15,057,654	\$ 381,923	\$ 26,383,072
Cash with escrow agent	-	-	52,505	-	52,505
Receivables:					
Taxes	4,492,177	1,912,879	-	89,286	6,494,342
Accounts	8,964	-	-	236	9,200
Intergovernmental	7,980	-	12,603,208	85,360	12,696,548
Accrued interest	7,090	-	-	-	7,090
Interfund loans	51,755	-	-	-	51,755
Prepayments	12,379	-	-	-	12,379
Materials and supplies inventory	-	-	-	35,401	35,401
Restricted assets:					
Equity in pooled cash and investments	43,584	-	-	-	43,584
Total assets	<u>\$ 8,528,673</u>	<u>\$ 8,951,630</u>	<u>\$ 27,713,367</u>	<u>\$ 592,206</u>	<u>\$ 45,785,876</u>
Liabilities:					
Accounts payable	\$ 35,374	\$ -	\$ -	\$ 7,422	\$ 42,796
Contracts payable	-	-	2,234,153	-	2,234,153
Retainage payable	-	-	52,505	-	52,505
Accrued wages and benefits	1,085,692	-	-	106,284	1,191,976
Pension obligation payable	350,789	-	-	23,465	374,254
Intergovernmental payable	86,401	102	-	4,528	91,031
Interfund loan payable	-	-	-	51,755	51,755
Deferred revenue	258,906	109,791	12,493,034	5,049	12,866,780
Unearned revenue	3,950,100	1,677,873	-	78,528	5,706,501
Total liabilities	<u>5,767,262</u>	<u>1,787,766</u>	<u>14,779,692</u>	<u>277,031</u>	<u>22,611,751</u>
Fund balances:					
Reserved for encumbrances	97,317	-	16,765,793	18,469	16,881,579
Reserved for budget stabilization	43,584	-	-	-	43,584
Reserved for materials and supplies inventory	-	-	-	35,401	35,401
Reserved for property tax unavailable for appropriation	287,662	124,383	-	5,662	417,707
Reserved for debt service	-	7,039,481	-	-	7,039,481
Reserved for prepayments	12,379	-	-	-	12,379
Unreserved, undesignated (deficit), reported in:					
General fund	2,320,469	-	-	-	2,320,469
Special revenue funds	-	-	-	115,670	115,670
Capital projects funds	-	-	(3,832,118)	139,973	(3,692,145)
Total fund balances	<u>2,761,411</u>	<u>7,163,864</u>	<u>12,933,675</u>	<u>315,175</u>	<u>23,174,125</u>
Total liabilities and fund balances	<u>\$ 8,528,673</u>	<u>\$ 8,951,630</u>	<u>\$ 27,713,367</u>	<u>\$ 592,206</u>	<u>\$ 45,785,876</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CLINTON-MASSIE LOCAL SCHOOL DISTRICT
CLINTON COUNTY, OHIO**

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2008

Total governmental fund balances		\$ 23,174,125
<i>Amounts reported for governmental activities on the statement of net assets are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		28,749,351
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Taxes receivable	\$ 366,656	
Accrued interest receivable	7,090	
Intergovernmental receivable	<u>12,493,034</u>	
Total		12,866,780
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.		(160,756)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
General obligation bonds	(8,719,072)	
Compensated absences payable	(535,256)	
Bond anticipation notes payable	<u>(6,539,000)</u>	
Total		<u>(15,793,328)</u>
Net assets of governmental activities		<u>\$ 48,836,172</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CLINTON-MASSIE LOCAL SCHOOL DISTRICT
CLINTON COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	<u>General</u>	<u>Debt Service Fund</u>	<u>Classroom Facilities Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:					
From local sources:					
Taxes	\$ 3,951,315	\$ 1,700,758	\$ -	\$ 77,670	\$ 5,729,743
Tuition.	54,303	-	-	-	54,303
Earnings on investments.	363,204	-	217,529	940	581,673
Charges for services	-	-	-	445,220	445,220
Extracurricular.	-	-	-	238,063	238,063
Classroom materials and fees	4,134	-	-	110,420	114,554
Other local revenues.	41,896	-	-	80,513	122,409
Other revenue	-	-	-	4,594	4,594
Intergovernmental - state	9,542,558	222,181	18,796,718	77,301	28,638,758
Intergovernmental - federal.	-	-	-	738,477	738,477
Total revenue	<u>13,957,410</u>	<u>1,922,939</u>	<u>19,014,247</u>	<u>1,773,198</u>	<u>36,667,794</u>
Expenditures:					
Current:					
Instruction:					
Regular	6,219,597	-	-	294,526	6,514,123
Special.	948,288	-	-	6,263	954,551
Other	887,164	-	-	142,558	1,029,722
Support services:					
Pupil.	887,612	-	-	23,635	911,247
Instructional staff	960,555	-	-	294,062	1,254,617
Board of education	17,092	-	-	-	17,092
Administration.	1,049,469	-	-	59,562	1,109,031
Fiscal	414,236	34,912	-	1,604	450,752
Business	35,186	-	-	-	35,186
Operations and maintenance.	1,374,369	-	-	122,481	1,496,850
Pupil transportation	1,085,773	-	-	-	1,085,773
Central.	1,764	-	-	6,393	8,157
Operation of non-instructional services:					
Other non-instructional services	8,000	-	-	-	8,000
Food service operations	-	-	-	604,590	604,590
Extracurricular activities.	393,968	-	-	195,533	589,501
Facilities acquisition and construction	15,424	-	7,795,823	48,664	7,859,911
Debt service:					
Principal retirement	32,301	6,877,581	-	-	6,909,882
Interest and fiscal charges	304	820,982	-	-	821,286
Total expenditures	<u>14,331,102</u>	<u>7,733,475</u>	<u>7,795,823</u>	<u>1,799,871</u>	<u>31,660,271</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(373,692)</u>	<u>(5,810,536)</u>	<u>11,218,424</u>	<u>(26,673)</u>	<u>5,007,523</u>
Other financing sources (uses):					
Transfers in.	514,653	-	-	136,177	650,830
Transfers (out)	(2,366)	-	(648,464)	-	(650,830)
Premium on sale of notes.	-	17,000	-	-	17,000
Sale of notes	-	6,539,000	-	-	6,539,000
Total other financing sources (uses)	<u>512,287</u>	<u>6,556,000</u>	<u>(648,464)</u>	<u>136,177</u>	<u>6,556,000</u>
Special items:					
Refund from Ohio School Facilities Commission	-	3,500,000	-	-	3,500,000
Net change in fund balances	138,595	4,245,464	10,569,960	109,504	15,063,523
Fund balances at beginning of year	<u>2,622,816</u>	<u>2,918,400</u>	<u>2,363,715</u>	<u>205,671</u>	<u>8,110,602</u>
Fund balances at end of year	<u>\$ 2,761,411</u>	<u>\$ 7,163,864</u>	<u>\$ 12,933,675</u>	<u>\$ 315,175</u>	<u>\$ 23,174,125</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CLINTON-MASSIE LOCAL SCHOOL DISTRICT
CLINTON COUNTY, OHIO**

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

Net change in fund balances - total governmental funds \$ 15,063,523

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

Governmental funds report capital outlays as expenditures.

However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceeds depreciation expense in the current period.

Capital asset additions	\$ 8,179,786	
Current year depreciation	(954,879)	
Total		7,224,907

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Taxes	148,395	
Earnings on investments	(7,889)	
Intergovernmental	(18,799,610)	
Total		(18,659,104)

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

6,909,882

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, interest is expensed when due.

(27,443)

The sale of notes are recorded as an other financing source in the governmental funds, however, the proceeds increase long-term liabilities on the statement net assets.

(6,539,000)

Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

(89,883)

Change in net assets of governmental activities **\$ 3,882,882**

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CLINTON-MASSIE LOCAL SCHOOL DISTRICT
CLINTON COUNTY, OHIO**

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
From local sources:				
Taxes	\$ 3,727,660	\$ 3,911,530	\$ 3,917,177	\$ 5,647
Tuition.	49,314	51,746	54,303	2,557
Earnings on investments.	427,691	448,787	364,398	(84,389)
Classroom materials and fees.	2,301	2,415	4,160	1,745
Other local revenues.	9,253	9,709	5,887	(3,822)
Intergovernmental - state	9,290,258	9,748,507	9,566,106	(182,401)
Total revenue	<u>13,506,477</u>	<u>14,172,694</u>	<u>13,912,031</u>	<u>(260,663)</u>
Expenditures:				
Current:				
Instruction:				
Regular	6,474,315	6,462,381	6,259,975	202,406
Special.	966,080	964,299	982,170	(17,871)
Other	829,686	828,157	913,802	(85,645)
Support services:				
Pupil.	964,584	962,806	899,770	63,036
Instructional staff	1,024,861	1,022,972	968,186	54,786
Board of education	21,874	21,834	17,071	4,763
Administration.	1,051,276	1,049,338	1,069,916	(20,578)
Fiscal	406,085	405,336	414,307	(8,971)
Business	41,716	41,639	36,128	5,511
Operations and maintenance.	1,408,950	1,406,353	1,391,348	15,005
Pupil transportation	1,148,391	1,146,274	1,084,457	61,817
Central.	18	18	1,774	(1,756)
Operation of non-instructional services	10,519	10,500	8,000	2,500
Extracurricular activities.	397,747	397,014	391,120	5,894
Facilities acquisition and construction.	-	-	18,024	(18,024)
Total expenditures	<u>14,746,103</u>	<u>14,718,921</u>	<u>14,456,048</u>	<u>262,873</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(1,239,626)</u>	<u>(546,227)</u>	<u>(544,017)</u>	<u>2,210</u>
Other financing sources (uses):				
Refund of prior year expenditure	29,819	31,290	32,950	1,660
Transfers in	966,958	1,014,654	514,653	(500,001)
Transfers (out)	-	-	(2,366)	(2,366)
Advances in.	96,128	100,870	49,115	(51,755)
Total other financing sources (uses)	<u>1,092,906</u>	<u>1,146,814</u>	<u>594,352</u>	<u>(552,462)</u>
Net change in fund balance	(146,720)	600,587	50,335	(550,252)
Fund balance at beginning of year	3,481,448	3,481,448	3,481,448	-
Prior year encumbrances appropriated	269,989	269,989	269,989	-
Fund balance at end of year	<u>\$ 3,604,717</u>	<u>\$ 4,352,024</u>	<u>\$ 3,801,772</u>	<u>\$ (550,252)</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CLINTON-MASSIE LOCAL SCHOOL DISTRICT
CLINTON COUNTY, OHIO**

**STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2008**

	Private Purpose Trust	
	Scholarship	Agency
Assets:		
Equity in pooled cash and investments.	\$ 64,019	\$ 14,118
Receivables:		
Accrued interest	16	-
	64,035	-
Total assets	64,035	\$ 14,118
Liabilities:		
Due to students	-	\$ 14,118
Total liabilities	-	\$ 14,118
Net assets:		
Held in trust for scholarships	64,035	
Total net assets	\$ 64,035	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**CLINTON-MASSIE LOCAL SCHOOL DISTRICT
CLINTON COUNTY, OHIO**

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Private Purpose Trust
	Scholarship
Additions:	
Interest	\$ 3,023
Gifts and contributions.	4,676
	7,699
Deductions:	
Scholarships awarded	2,250
	5,449
Change in net assets	5,449
Net assets at beginning of year	58,586
Net assets at end of year.	\$ 64,035

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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**CLINTON-MASSIE LOCAL SCHOOL DISTRICT
CLINTON COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

The Clinton-Massie Local School District (the "District") was originally organized in 1959. The District operates under current standards prescribed by the Ohio State Board of Education as provided in division (D) of Section 3301.07 and Section 119.01 of the Ohio Revised Code.

The District operates under a locally elected five-member Board form of government and provides educational services as authorized by its charter or further mandated by State and/or federal agencies. This Board controls the District's one instructional facility (high school, middle school and elementary school) and one support facility (bus garage) staffed by 99 non-certified and 129 certified teaching personnel and 12 administrative employees to provide service to 1,770 students and other community members.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A Reporting Entity

The reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units". The reporting entity is composed of the primary government, component units and other organizations that are included to ensure that the basic financial statements of the District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the District. For the District, this includes general operations, food service, preschool and student related activities of the District.

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's Governing Board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; or (3) the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. Based upon the application of these criteria, the District has no component units. The basic financial statements of the reporting entity include only those of the District (the primary government).

**CLINTON-MASSIE LOCAL SCHOOL DISTRICT
CLINTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)

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

The following organizations are described due to their relationship to the District.

JOINTLY GOVERNED ORGANIZATIONS

The Clinton County Consortium

The Clinton County Consortium (the "Consortium") is made up of Clinton-Massie Schools, East Clinton Schools, and the Clinton-Fayette-Highland Educational Service District and CoreSource of Columbus have entered into an agreement to establish an employee welfare benefit plan which sets forth the procedure by which eligible employees of these participating employers can secure dental and life insurance. The monthly premiums are jointly paid by the employers and employees according to local, negotiated agreements and board policies. The district superintendents govern the Consortium and CoreSource administers the payment of claims. Employers participating in this plan are political subdivisions of the State of Ohio. The plan qualifies as a governmental plan as defined by Section 3(32) of the Employee Retirement Income Security Act of 1974 (ERISA) and is therefore exempt from ERISA requirements. Financial information for the participating boards of education for the year ended June 30, 2008, are available in each district.

Southwest Ohio Computer Association (SWOCA)

SWOCA is a jointly governed organization among a three-county consortium of Ohio school districts. The jointly governed organization was formed for the purpose of applying modern technology (with the aid of computers and other electronic equipment) to the administrative and instructional functions of the member districts. Each of the governments of these schools supports SWOCA based upon a per pupil charge, dependent upon the software package utilized.

The Governing Board of SWOCA is comprised of the superintendent of each of the member districts, plus one representative from the fiscal agent. The degree of control exercised by any participating school district is limited to its representation on the Board.

Financial information can be obtained from K. Michael Crumley, who serves as Director, at 3603 Hamilton-Middletown Road, Hamilton, Ohio 45011.

INSURANCE PURCHASING POOL

Southwestern Ohio Educational Purchasing Cooperative Employee Benefit Plan Trust (EPC)

The EPC Benefit Plan Trust (the Plan) is a group purchasing pool consisting of public school districts who are members of the Southwestern Ohio Educational Purchasing Cooperative (EPC). The purpose of a group purchasing pool is for members to pool funds or resources to purchase group insurance products, including BWC coverage, to provide health benefits to participants at a lower rate than if the individual districts acted independently. Each district pays a monthly premium to the Trust fund for insurance coverage which is provided by Anthem Blue Cross Blue Shield or United Health Care. The Plan is governed by a Board of Trustees elected in accordance with the Trust Agreement and voted on by participating EPC member districts. On January 1, 2008, the District switched health insurance coverage and no longer purchased health insurance through the Plan. Dental insurance was purchased through the Plan for the entire fiscal year. Financial information can be obtained from Barbara Coriell, who serves as administrator, at EPC Benefits Office, 303 Corporate Center Drive Suite 208, Vandalia, OH 45377-1171.

**CLINTON-MASSIE LOCAL SCHOOL DISTRICT
CLINTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)

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

B Fund Accounting

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

GOVERNMENTAL FUNDS

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

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

Debt service fund - The debt service fund is used to account for the accumulation of resources and payment of general obligation bond principal and interest and certain long-term obligations from governmental resources when the government is obligated in some manner for payment. It is also used to account for the accumulation of resources and payment of general obligation bonds.

Classroom facilities fund - The classroom facilities capital projects fund is used to account for financial resources and expenditures related to the school facilities construction project.

Other governmental funds of the District are used to account for (a) financial resources to be used for the acquisition, construction, or improvement of capital facilities other than those financed by trust funds; (b) for grants and other resources whose use is restricted to a particular purpose; and (c) food service operations.

PROPRIETARY FUND

Proprietary funds are used to account for the District's ongoing activities which are similar to those often found in the private sector. The District has no proprietary funds.

FIDUCIARY FUNDS

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

**CLINTON-MASSIE LOCAL SCHOOL DISTRICT
CLINTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)

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

C. Basis of Presentation and Measurement Focus

Government-wide Financial Statements - The statement of net assets and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the governmental activities of the District. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include amounts paid by the recipient of goods or services offered by the program and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues are presented as general revenues of the District.

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

Fund Financial Statements - Fund financial statements report detailed information about the District. The focus of governmental fund financial statements is on major funds rather than reporting funds by type. Each major fund is presented in a separate column, and all nonmajor funds are aggregated into one column. Fiduciary funds are reported by fund type.

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

The private-purpose trust fund is reported using the economic resources measurement focus. Agency funds do not report a measurement focus as they do not report operations.

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds also use the accrual basis of accounting.

Revenues - Exchange and Non-exchange Transactions - Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the District, available means expected to be received within sixty days of fiscal year-end.

**CLINTON-MASSIE LOCAL SCHOOL DISTRICT
CLINTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)

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

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (see Note 6).

Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes available as an advance, interest, tuition, grants, student fees and rentals.

Unearned Revenue and Deferred Revenue - Unearned revenue and deferred revenue arise when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of June 30, 2008, but which were levied to finance fiscal year 2009 operations, and other revenues received in advance of the fiscal year for which they are intended to finance, have been recorded as unearned revenue. Grants and entitlements received before the eligibility requirements are met and delinquent property taxes due at June 30, 2008 are recorded as deferred revenue on the governmental fund financial statements.

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

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The entitlement value of donated commodities used during the year is reported in the statement of revenues, expenditures and changes in fund balances as an expenditure with a like amount reported as intergovernmental 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 governmental funds.

E. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriations resolution and the certificate of estimated resources which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount that the Board of Education may appropriate. The appropriation resolution is Board's authorization to spend resources and sets annual limits on expenditures at the level of control selected by Board. The legal level of control has been established by Board at the fund level of expenditures. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

**CLINTON-MASSIE LOCAL SCHOOL DISTRICT
CLINTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)

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

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts of the budgetary statement reflect the amounts on the final certificate of estimated resources issued during the fiscal year 2008.

The appropriation resolution is subject to amendment by the Board throughout the year with the restriction that appropriations cannot exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation resolution for that fund that covered the entire year, including amounts automatically carried forward from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during fiscal year 2008.

F. Cash and Investments

To improve cash management, cash received by the District is pooled in a central bank account. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the District's records. Each fund's interest in the pool is presented as "equity in pooled cash and investments" on the basic financial statements.

During fiscal year 2008, investments were limited to federal agency securities, U.S. Government money market, negotiable certificates of deposit, nonnegotiable certificates of deposit and the State Treasury Asset Reserve of Ohio (STAR Ohio).

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts, such as repurchase agreements and nonnegotiable certificates of deposits, are reported at cost.

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 shares price which is the price the investment could be sold for on June 30, 2008.

Under existing Ohio statutes, all investment earnings are assigned to the general fund, unless statutorily required to be credited to a specific fund. By policy of the Board of Education, investment earnings are assigned to the general fund and the building capital projects fund. Interest revenue credited to the general fund during fiscal year 2008 amounted to \$363,204, which includes \$287,202 assigned from other District funds.

An analysis of the District's investment account at year-end is provided in Note 4.

**CLINTON-MASSIE LOCAL SCHOOL DISTRICT
CLINTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)

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

G. Inventory

On government-wide and fund financial statements, purchased inventories are presented at the lower of cost or market and donated commodities are presented at their entitlement value. Inventories are recorded on a first-in, first-out basis and are expensed when used. Inventories are accounted for using the purchase method on the fund statements and using the consumption method on the government-wide statements.

On the fund financial statements, 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 spendable resources even though it is a component of net current assets.

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

H. Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and deductions during the year. Donated capital assets are recorded at their fair market values as of the date received. The District maintains its capitalization threshold at \$5,000. 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. The District does not possess infrastructure.

All reported capital assets except land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets.

Depreciation is computed using the straight-line method over the following useful lives:

Description	Governmental Activities Estimated Lives
Land Improvements	20 years
Buildings and improvements	20 - 50 years
Equipment	5 - 20 years
Vehicles	8 years

I. Interfund Balances

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

**CLINTON-MASSIE LOCAL SCHOOL DISTRICT
CLINTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)

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

J. Compensated Absences

Compensated absences of the District consist of vacation leave and sick leave liability to the extent that payments to the employee for these absences are attributable to services already rendered and are not contingent on a specific event that is outside the control of the District and the employee.

In accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences", a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. An accrual for earned sick leave is made to the extent that it is probable that the benefits will result in termination (severance) payments. A liability for sick leave is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at the balance sheet date by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for severance on employees expected to become eligible to retire in the future, all employees age 50 or greater with at least 10 years of service; or 20 years' service at any age were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

The total liability for vacation and sick leave payments have been calculated using pay rates in effect at the balance sheet date, and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

For governmental fund financial statements, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available 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 noncurrent portion of the liability is not reported.

**CLINTON-MASSIE LOCAL SCHOOL DISTRICT
CLINTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)

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

The District's policies regarding compensated absences are determined by the State laws and/or negotiated agreements. In summary, the policies are as follows:

<u>VACATION</u>	<u>Certified</u>	<u>Administrators</u>	<u>Non-Certified</u>
How earned	Not eligible	20 days at start of each contract year	10-20 days depending on length of service
Maximum accumulation	Not applicable	2 years	1 year
Vested	Not applicable	As earned	As earned
Termination entitlement	Not applicable	Unused balance upon termination	Unused balance upon termination

SICK LEAVE

How earned	1.25 days per month of employment (15 days per year)	1.25 days per month of employment (15 days per year)	1.25 days per month of employment (15 days per year)
Maximum accumulation	200 days	220-248 days depending on contract	200 days
Vested	As earned	As earned	As earned
Termination entitlement	Per contract	Per policy	Per policy

K. Accrued Liabilities and Long-Term Obligations

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, matured compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements when they mature or, for pension contributions, when the service is rendered. Bonds are recognized as a liability on the fund financial statements when due.

**CLINTON-MASSIE LOCAL SCHOOL DISTRICT
CLINTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)

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

L. Fund Balance Reserves

The District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for encumbrances, materials and supplies inventory, prepayments, property tax revenue unavailable for appropriation, budget stabilization, and debt service. The reserve for property taxes unavailable for appropriation represents taxes recognized as revenue under GAAP, but not available for appropriation under State statute.

M. Net Assets

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

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

N. Estimates

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

O. Interfund Activity

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

P. Restricted Assets

Restricted assets in the general fund represent cash and investments set-aside to establish a budget stabilization reserve. These reserves are required by State statute. A schedule of statutory reserves is presented in Note 16.

**CLINTON-MASSIE LOCAL SCHOOL DISTRICT
CLINTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)

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

Q. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. The District received a refund from Ohio Schools Facilities Commission in the amount of \$3,500,000 which has been reported as a special item on the basic financial statements.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2008, the District has implemented GASB Statement No. 45, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions", GASB Statement No. 48, "Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues" and GASB Statement No. 50, "Pension Disclosures".

GASB Statement No. 45 establishes uniform standards of financial reporting for other postemployment benefits and increases the usefulness and improves the faithfulness of representations in the financial reports. The implementation of GASB Statement No. 45 did not have an effect on the financial statements of the District; however, certain disclosures related to postemployment benefits (see Note 13) have been modified to conform to the new reporting requirements.

GASB Statement No. 48 establishes criteria to ascertain whether certain transactions should be regarded as sales or as collateralized borrowings, as well as disclosure requirements for future revenues that are pledged and sold. The implementation of GASB Statement No. 48 did not have an effect on the financial statements of the District.

GASB Statement No. 50 establishes standards that more closely align the financial reporting requirements for pensions with those of other postemployment benefits. The implementation of GASB Statement No. 50 did not have an effect on the financial statements of the District.

B. Deficit Fund Balances

Fund balances at June 30, 2008 included the following individual fund deficits:

<u>Nonmajor funds</u>	<u>Deficit</u>
Food service	\$ 5,574
Underground storage tank	41,323
Management information systems	40
Miscellaneous state grants	28
IDEA preschool grant	10,097
Special education	15

The general fund is liable for any deficits in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances in the nonmajor governmental funds result from adjustments for accrued liabilities

**CLINTON-MASSIE LOCAL SCHOOL DISTRICT
CLINTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)

NOTE 4 - DEPOSITS AND INVESTMENTS

State statutes classify monies held by the District into three categories.

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the District treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

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

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use, but which will be needed before the end of the current period of designation of depositories. Interim 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.

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the 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 items (1) and (2) above 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 the State Treasury Asset Reserve of Ohio (STAR Ohio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

**CLINTON-MASSIE LOCAL SCHOOL DISTRICT
CLINTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

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

A. Cash on Hand

At year-end, the District had \$4,000 in undeposited cash on hand which is included on the financial statements of the District as part of "equity in pooled cash and investments".

B. Cash with Escrow Agent

At fiscal year-end, \$52,505 was on deposit with an escrow agent for retainage held as part of the District's construction contracts. This amount is not included in the total amount of deposits reported below and is reported on the financial statements as "cash with escrow agent".

C. Deposits with Financial Institutions

At June 30, 2008, the carrying amount of all District deposits was \$23,063,773. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2008, \$22,917,035 of the District's bank balance of \$23,073,096 was exposed to custodial risk as discussed below, while \$156,061 was covered by the Federal Deposit Insurance Corporation.

Custodial credit risk is the risk that, in the event of bank failure, the District's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds. Deposits covered by this collateral are considered to be exposed to custodial risk because they are not held in the District's name. The District has no deposit policy for custodial credit risk beyond the requirements of State statute. Although the securities were held by the pledging institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the District to a successful claim by the FDIC.

**CLINTON-MASSIE LOCAL SCHOOL DISTRICT
CLINTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

C. Investments

As of June 30, 2008, the District had the following investments and maturities:

<u>Investment type</u>	<u>Fair Value</u>	<u>Investment Maturities</u>		
		<u>6 months or less</u>	<u>7 to 12 months</u>	<u>19 to 24 months</u>
FHLB	\$ 610,593	\$ -	\$ -	\$ 610,593
Negotiable cd's	1,402,130	1,003,572	398,558	-
STAR Ohio	1,072,110	1,072,110	-	-
U.S. Government money market	352,187	352,187	-	-
Total	<u>\$ 3,437,020</u>	<u>\$ 2,427,869</u>	<u>\$ 398,558</u>	<u>\$ 610,593</u>

The weighted average maturity of investments is .53 years.

Interest Rate Risk: As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the District's investment policy limits investment portfolio maturities to five years or less.

Credit Risk: The District's investments, except for STAR Ohio and the U.S. Government money market were rated AAA and Aaa by Standard & Poor's and Moody's Investor Services, respectively. Standard & Poor's has assigned STAR Ohio and U.S. Government money market an AAAM money market rating.

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

Concentration of Credit Risk: The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2008:

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
FHLB	\$ 610,593	17.77
Negotiable CD's	1,402,130	40.79
STAR Ohio	1,072,110	31.19
U.S. Government money market	<u>352,187</u>	<u>10.25</u>
Total	<u>\$ 3,437,020</u>	<u>100.00</u>

**CLINTON-MASSIE LOCAL SCHOOL DISTRICT
CLINTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

D. Reconciliation of Cash and Investments to the Statement of Net Assets

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net assets as of June 30, 2008:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 23,063,773
Investments	3,437,020
Cash with escrow agent	52,505
Cash on hand	<u>4,000</u>
Total	<u>\$ 26,557,298</u>
 <u>Cash and investments per statement of net assets</u>	
Governmental activities	\$ 26,479,161
Private-purpose trust funds	64,019
Agency funds	<u>14,118</u>
Total	<u>\$ 26,557,298</u>

NOTE 5 - INTERFUND TRANSACTIONS

A. Interfund transfers for the year ended June 30, 2008, consisted of the following, as reported on the fund statements:

	<u>Amount</u>
Transfers from general fund to:	
Nonmajor governmental fund	\$ 2,366
Transfers from classroom facilities fund to:	
General fund	514,653
Nonmajor governmental fund	<u>133,811</u>
Total	<u><u>\$ 650,830</u></u>

Transfers are used to move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them and to use unrestricted revenues of the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

The transfer from the classroom facilities fund to the general fund and the permanent improvement fund (a nonmajor governmental fund) was to refund excess money related to the Ohio School Facilities Commission building project to the fund that originally transferred the money to fund the project, in accordance with State statutes.

Interfund transfers between governmental funds are eliminated on the government-wide financial statements.

All transfers were made in compliance with Ohio Revised Code Sections 5705.14, 5705.15 and 5705.16.

**CLINTON-MASSIE LOCAL SCHOOL DISTRICT
CLINTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)

NOTE 5 - INTERFUND TRANSACTIONS - (Continued)

- B.** Interfund balances at June 30, 2008 as reported on the fund statements, consist of the following individual interfund loan receivable and payable:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor governmental funds	\$ 51,755

The primary purpose of the interfund balances is to cover costs in specific funds where revenues were not received by June 30. These interfund balances will be repaid once the anticipated revenues are received. All interfund balances are expected to be repaid within one year.

Interfund balances between governmental funds are eliminated on the government-wide financial statements.

NOTE 6 - PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis while the District fiscal year runs from July through June. First half tax collections are received by the 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 (used in business) located in the District. Real property tax revenue received in calendar year 2008 represents collections of calendar year 2007 taxes. Real property taxes received in calendar year 2008 were levied after April 1, 2007, on the assessed value listed as of January 1, 2007, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2008 represents collections of calendar year 2007 taxes. Public utility real and tangible personal property taxes received in calendar year 2008 became a lien December 31, 2006, were levied after April 1, 2007 and are collected in 2008 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenue received during calendar year 2008 (other than public utility property) represents the collection of 2008 taxes. Tangible personal property taxes received in calendar year 2008 were levied after April 1, 2007, on the value as of December 31, 2007. Tangible personal property tax is being phased out. For 2007, tangible personal property was assessed at 12.50% for property, including inventory. This percentage was reduced to 6.25% for 2008 and will be reduced to zero for 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the District prior to June 30.

**CLINTON-MASSIE LOCAL SCHOOL DISTRICT
CLINTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)

NOTE 6 - PROPERTY TAXES - (Continued)

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business and railroad property will be eliminated by calendar year 2009, and the tax on telephone and telecommunications property will be eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces the revenue lost by the District due to the phasing out of the tax. In calendar years 2008-2010, the District will be fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out.

The District receives property taxes from Clinton, Warren and Greene Counties. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2008, are available to finance fiscal year 2008 operations. The amount available to be advanced can vary based on the date tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2008 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to unearned revenue.

The amount available as an advance at June 30, 2008 was \$287,662 in the general fund, \$124,383 in the debt service fund and \$5,662 in the classroom facilities maintenance fund (a nonmajor governmental fund). This amount has been recorded as revenue. The amount that was available as an advance at June 30, 2007 was \$249,901 in the general fund, \$109,968 in the debt service fund and \$4,960 in the classroom facilities maintenance fund (a nonmajor governmental fund).

On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis the revenue has been deferred.

The assessed values upon which the fiscal year 2008 taxes were collected are:

	2007 Second Half Collections		2008 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 199,695,950	95.36	\$ 210,767,320	95.20
Public utility personal	8,919,620	4.26	9,145,860	4.13
Tangible personal property	<u>805,173</u>	<u>0.38</u>	<u>1,492,689</u>	<u>0.67</u>
Total	<u>\$ 209,420,743</u>	<u>100.00</u>	<u>\$ 221,405,869</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation	\$39.51		\$39.51	

**CLINTON-MASSIE LOCAL SCHOOL DISTRICT
CLINTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)

NOTE 7 - RECEIVABLES

Receivables at June 30, 2008 consisted of taxes, accounts (billings for user charged services and student fees), accrued interest, and intergovernmental grants and entitlements. 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 year guarantee of federal funds. A summary of receivables reported on the statement of net assets follows:

Governmental activities:

Taxes	\$ 6,494,342
Accounts	9,200
Intergovernmental	12,696,548
Accrued interest	<u>7,090</u>
Total	<u>\$ 19,207,180</u>

Receivables have been disaggregated on the face of the basic financial statements. All receivables are expected to be collected within the subsequent year with the exception of the OSFC receivable which will be collected over the life of the project.

NOTE 8 - CAPITAL ASSETS

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

	Balance <u>July 1, 2007</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>June 30, 2008</u>
Governmental Activities:				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 384,905	\$ 48,048	\$ -	\$ 432,953
Constuction in progress	<u>774,271</u>	<u>7,963,735</u>	<u>-</u>	<u>8,738,006</u>
Total capital assets, not being depreciated	<u>1,159,176</u>	<u>8,011,783</u>	<u>-</u>	<u>9,170,959</u>
<i>Capital assets, being depreciated:</i>				
Land improvements	1,940,442	-	-	1,940,442
Buildings and improvements	23,784,939	2,517	-	23,787,456
Equipment	1,703,218	17,017	(321,965)	1,398,270
Vehicles	<u>1,362,093</u>	<u>148,469</u>	<u>-</u>	<u>1,510,562</u>
Total capital assets, being depreciated	<u>28,790,692</u>	<u>168,003</u>	<u>(321,965)</u>	<u>28,636,730</u>
<i>Less: accumulated depreciation:</i>				
Land improvements	(496,459)	(94,956)	-	(591,415)
Buildings and improvements	(5,702,747)	(702,210)	-	(6,404,957)
Equipment	(1,261,516)	(62,547)	321,965	(1,002,098)
Vehicles	<u>(964,702)</u>	<u>(95,166)</u>	<u>-</u>	<u>(1,059,868)</u>
Total accumulated depreciation	<u>(8,425,424)</u>	<u>(954,879)</u>	<u>321,965</u>	<u>(9,058,338)</u>
Governmental activities capital assets, net	<u>\$ 21,524,444</u>	<u>\$ 7,224,907</u>	<u>\$ -</u>	<u>\$ 28,749,351</u>

**CLINTON-MASSIE LOCAL SCHOOL DISTRICT
CLINTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)

NOTE 8 - CAPITAL ASSETS - (Continued)

B. Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 777,104
Special	1,811
 <u>Support services:</u>	
Pupil	2,369
Instructional staff	6,128
Administration	5,098
Fiscal	13,399
Operations and maintenance	13,764
Pupil transportation	98,346
Extracurricular activities	26,815
Food service operations	<u>10,045</u>
 Total depreciation expense	 <u>\$ 954,879</u>

NOTE 9 - CAPITALIZED LEASES - LESSEE DISCLOSURE

In a prior year, the District entered into capitalized leases for computer equipment. These lease agreements meet the criteria of a capital lease as defined by FASB Statement 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 financial statements for the governmental funds. These expenditures are reported as business and central function expenditures on the budgetary statements.

Capital assets consisting of equipment have been capitalized in the amount of \$152,723. This amount represents the present value of the minimum lease payments at the time of acquisition. As of June 30, 2008 accumulated depreciation was \$152,723. A corresponding liability was recorded in the government-wide financial statements. The District made the final principal payment in fiscal year 2008, which totaled \$32,301 paid by the general fund.

**CLINTON-MASSIE LOCAL SCHOOL DISTRICT
CLINTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)

NOTE 10 - LONG-TERM OBLIGATIONS

- A. During the fiscal year 2008, the following changes occurred in governmental activities long-term obligations:

	Balance Outstanding <u>June 30, 2007</u>	<u>Additions</u>	<u>Reductions</u>	Balance Outstanding <u>June 30, 2008</u>	Amounts Due in <u>One Year</u>
General obligation bonds:					
1998 Refunding Bonds	\$ 477,653	\$ -	\$ (108,581)	\$ 369,072	\$ 100,451
2001 High School	8,580,000	-	(230,000)	8,350,000	240,000
Notes:					
Bond anticipation notes	6,539,000	6,539,000	(6,539,000)	6,539,000	6,539,000
Capital leases	32,301	-	(32,301)	-	-
Compensated absences	<u>463,456</u>	<u>248,067</u>	<u>(176,267)</u>	<u>535,256</u>	<u>101,746</u>
Total governmental activities	<u>\$ 16,092,410</u>	<u>\$ 6,787,067</u>	<u>\$ (7,086,149)</u>	<u>\$ 15,793,328</u>	<u>\$ 6,981,197</u>

Compensated Absences: Compensated absences will be paid from the fund from which the person is paid, which, for the District, are primarily the general fund and the food service fund (a nonmajor governmental fund).

Capital lease obligation: Capital lease obligations will be paid from the general fund (See Note 9).

1998 Refunding Bonds: The District issued general obligation bonds on October 1, 1990 for building additions. These bonds have an interest rate of 7.20% and will mature on December 1, 2011. Principal and interest will be paid from the debt service fund.

2001 High School Bonds: The District issued \$10,275,000 in general obligation bonds on May 1, 2002 for construction of a high school. The interest rate on these bonds range from 3.25% to 5.00% and will mature on December 1, 2029. Principal and interest will be paid from the debt service fund.

Bond Anticipation notes: The bond anticipation notes are treated as long term because the District used the proceeds for capital improvements and the District replaced the debt subsequent to the balance sheet date. See Note 18 for details. The bond anticipation notes were issued on November 21, 2007 and bore an interest rate of 3.44%. The notes matured on November 18, 2008.

**CLINTON-MASSIE LOCAL SCHOOL DISTRICT
CLINTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

The following is a summary of the future debt service requirements to maturity for the general obligation bonds:

Fiscal Year Ending June 30,	Principal	Interest	Total
2009	\$ 340,451	\$ 554,027	\$ 894,478
2010	339,507	550,701	890,208
2011	345,401	549,921	895,322
2012	348,713	541,073	889,786
2013	280,000	354,358	634,358
2014 - 2018	1,545,000	1,578,778	3,123,778
2019 - 2023	1,975,000	1,142,261	3,117,261
2024 - 2028	2,515,000	584,135	3,099,135
2029 - 2030	1,030,000	48,250	1,078,250
Total	<u>\$ 8,719,072</u>	<u>\$ 5,903,504</u>	<u>\$ 14,622,576</u>

B. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2008, are a voted debt margin of \$18,112,548 (including available funds of \$7,163,864) and an unvoted debt margin of \$218,531.

NOTE 11 - RISK MANAGEMENT

Comprehensive

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. During fiscal year 2008, the district contracted with Ohio School Plan, Inc. for property, general liability and auto insurance.

Professional liability is protected by Ohio School Plan, Inc. with \$1,000,000 each occurrence, \$3,000,000 aggregate limit.

Vehicles are covered by Ohio School Plan, Inc. with \$1,000 deductible for comprehensive and \$1,000 deductible for collision.

**CLINTON-MASSIE LOCAL SCHOOL DISTRICT
CLINTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)

NOTE 11 - RISK MANAGEMENT - (Continued)

Public officials' bond insurance is provided by NB&T Insurance. The Treasurer is covered by a bond in the amount of \$15,000. All administrative assistants, accounts payable, student activity, and other District personnel are covered by a blanket employee bond of \$50,000.

Beginning January 1, 2008, the District health insurance moved to a High Deductible Health Plan provided by Humana, coupled with a partially employer-funded Health Savings Account (HSA). Prior to that date, employee medical/surgical benefits were provided by Anthem PPO through the EPC Insured Benefit Plan. Employee dental benefits were provided throughout the year by CoreSource, and were also purchased through the EPC.

Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

NOTE 12 - PENSION PLANS

A. School Employees Retirement System

Plan Description - The District contributes to the School Employees Retirement System (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, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, www.ohsers.org, under *Forms and Publications*.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2008, 9.16 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2008, 2007 and 2006 were \$195,408, \$213,322 and \$196,311, respectively; 40.47 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

B. State Teachers Retirement System of Ohio

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

**CLINTON-MASSIE LOCAL SCHOOL DISTRICT
CLINTON COUNTY, OHIO**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

NOTE 12 - PENSION PLANS - (Continued)

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

Funding Policy - For fiscal year 2008, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2008, 2007 and 2006 were \$881,608, \$832,468 and \$779,002, respectively; 82.70 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006. Contributions to the DC and Combined Plans for fiscal year 2008 were \$11,695 made by the District and \$27,297 made by the plan members.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the SERS/STRS Ohio have an option to choose Social Security or the SERS/STRS Ohio. As of June 30, 2008, certain members of the Board of Education have elected Social Security. The District's liability is 6.2 percent of wages paid.

**CLINTON-MASSIE LOCAL SCHOOL DISTRICT
CLINTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)

NOTE 13 - POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

Plan Description - The District participates in two cost-sharing, multiple employer postemployment benefit plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For 2008, 4.18 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2008, this amount was \$35,800.

Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

The District's contributions for health care for the fiscal years ended June 30, 2008, 2007, and 2006 were \$131,709, \$100,785 and \$96,876, respectively; 40.47 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2008, this actuarially required allocation was 0.66 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2008, 2007, and 2006 were \$14,080, \$14,506 and \$15,625, respectively; 40.47 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

B. State Teachers Retirement System of Ohio

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

**CLINTON-MASSIE LOCAL SCHOOL DISTRICT
CLINTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)

NOTE 13 - POSTEMPLOYMENT BENEFITS - (Continued)

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2008, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2008, 2007, and 2006 were \$67,816, \$64,036 and \$59,923, respectively; 82.70 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

NOTE 14 - BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements.

The statement of revenue, expenditures and changes in fund balance - budget and actual (non-GAAP budgetary basis) presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to a reservation of fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis); and
- (d) Investments are reported at fair value (GAAP basis) rather than cost (budget basis).

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis for the general fund is as follows:

Net Change in Fund Balance	<u>General fund</u>
Budget basis	\$ 50,335
Net adjustment for revenue accruals	45,379
Net adjustment for expenditure accruals	(8,887)
Net adjustment for other sources/uses	(82,065)
Adjustment for encumbrances	<u>133,833</u>
GAAP basis	<u>\$ 138,595</u>

**CLINTON-MASSIE LOCAL SCHOOL DISTRICT
CLINTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)

NOTE 15 - CONTINGENCIES

Grants

The District receives significant financial assistance from numerous federal, State and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the District.

NOTE 16 - STATUTORY RESERVES

The District is required by State statute to annually set-aside in the general fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at year-end. These amounts must be carried forward to be used for the same purposes in future years. During the fiscal year ended June 30, 2008, the reserve activity was as follows:

	Textbooks/ Instructional <u>Materials</u>	Capital <u>Acquisition</u>	Budget <u>Stabilization</u>
Set-aside balance as of June 30, 2007	\$ (751,153)	\$ -	\$ 43,584
Current year set-aside requirement	282,207	282,207	-
Current year offset	-	(230,000)	-
Qualifying disbursements	<u>(221,897)</u>	<u>(270,381)</u>	<u>-</u>
Total	<u>\$ (690,843)</u>	<u>\$ (218,174)</u>	<u>\$ 43,584</u>
Balance carried forward to FY 2009	<u>\$ (690,843)</u>	<u>\$ -</u>	<u>\$ 43,584</u>

The District had qualifying disbursements during the fiscal year that reduced the textbooks/instructional materials set-aside amount below zero. This amount may be used to reduce the set-aside requirement of future years. Although the District had qualifying disbursements during the year that reduced the capital acquisition set-aside amount below zero, these extra amounts may not be used to reduce the set-aside requirement in future fiscal years.

A schedule of the governmental fund restricted assets at June 30, 2008 follows:

Amount restricted for budget stabilization	<u>\$ 43,584</u>
Total restricted assets	<u>\$ 43,584</u>

**CLINTON-MASSIE LOCAL SCHOOL DISTRICT
CLINTON COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)

NOTE 17 - CONTRACTUAL COMMITMENTS

As a result of the Ohio Schools Facilities Project that was in progress at June 30, 2008, the District had the following outstanding contractual commitments at fiscal year-end:

<u>Vendor</u>	<u>Contract Amount</u>	<u>Amount Paid</u>	<u>Amount Outstanding</u>
Faning Howey	\$ 1,659,838	\$ 1,476,797	\$ 183,041
Antic Heating and Air	3,642,300	826,980	2,815,320
Emerald Fire	316,400	56,384	260,016
G/C Contracting	8,377,911	313,960	8,063,951
Reddy Electric	4,502,800	958,590	3,544,210
Thomas J. Dyer Company	720,700	-	720,700
CR&R	3,274,000	726,922	2,547,078
Queen City Mechanical	639,704	371,308	268,396
Turner Construction	1,575,959	897,168	678,791
Total Environmental	<u>111,265</u>	<u>89,196</u>	<u>22,069</u>
Total	<u>\$24,820,877</u>	<u>\$ 5,717,305</u>	<u>\$19,103,572</u>

NOTE 18 - SUBSEQUENT EVENT

On November 18, 2008, the District issued \$6,070,000 in bond anticipation notes to retire a portion of the \$6,539,000 in bond anticipation notes that matured on November 18, 2008. The new notes bear an interest rate of 3.125% and mature on November 18, 2009.

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**CLINTON-MASSIE LOCAL SCHOOL DISTRICT
CLINTON COUNTY**

**FEDERAL AWARDS EXPENDITURES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2008**

Federal Grantor/ Pass Through Grantor Program Title	Grant Year	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<u>U.S. DEPARTMENT OF AGRICULTURE</u>						
<i>Passed Through Ohio Department of Education:</i>						
Food Distribution Program	2008	10.550		\$15,456		\$13,288
<i>Nutrition Cluster:</i>						
National School Breakfast Program	2008	10.553	\$19,091		\$19,091	
National School Lunch Program	2008	10.555	146,544		146,544	
Total Nutrition Cluster			<u>165,635</u>	<u>0</u>	<u>165,635</u>	<u>0</u>
Total U.S. Department of Agriculture			<u>165,635</u>	<u>15,456</u>	<u>165,635</u>	<u>13,288</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>						
<i>Passed Through Ohio Department of Education:</i>						
<i>Grants to Local Educational Agencies (ESEA, Title I)</i>						
FY07	2007		9,377		17,785	
FY08	2008	84.010	116,715		116,715	
Total Grants to Local Educational Agencies (ESEA, Title I)			<u>126,092</u>	<u>0</u>	<u>134,500</u>	<u>0</u>
<i>Special Education Cluster:</i>						
<i>Special Education: Grants to States (IDEA Part B)</i>						
FY07	2007		26,889		54,194	
FY08	2008	84.027	283,989		283,795	
Total Special Education: Grants to States (IDEA Part B)			<u>310,878</u>	<u>0</u>	<u>337,989</u>	<u>0</u>
Special Education: Preschool Grants	2008	84.173	3,941	0	3,941	0
Total Special Education Cluster			<u>314,819</u>	<u>0</u>	<u>341,930</u>	<u>0</u>
<i>Safe and Drug-Free Schools and Communities</i>						
FY07	2007		1,145		1,145	
FY08	2008	84.186	5,021		5,021	
Total Safe and Drug-Free Schools and Communities			<u>6,166</u>	<u>0</u>	<u>6,166</u>	<u>0</u>
Innovative Education Program Strategy	2008	84.298	4,655	0	4,896	0
Title II-D: Technology Literacy Challenge Grant	2008	84.318	2,103	0	2,103	0
<i>Improving Teacher Quality</i>						
FY07	2007		4,620		9,368	
FY08	2008	84.367	52,999		52,999	
Total Improving Teacher Quality State Grants			<u>57,619</u>	<u>0</u>	<u>62,367</u>	<u>0</u>
<i>Total Passed Through Ohio Department of Education</i>			<u>511,454</u>	<u>0</u>	<u>551,962</u>	<u>0</u>
<i>Passed Through Great Oaks Institute of Technology and Career Development</i>						
<i>Carl Perkins</i>						
FY07	2007		1,166		2,005	
FY08	2008	84.048	4,954		1,681	
Total Carl Perkins			<u>6,120</u>	<u>0</u>	<u>3,686</u>	<u>0</u>
<i>Total Passed Through Great Oaks Institute of Technology and Career Development</i>			<u>6,120</u>	<u>0</u>	<u>3,686</u>	<u>0</u>
Total U.S. Department of Education			<u>517,574</u>	<u>0</u>	<u>555,648</u>	<u>0</u>
Total Federal Assistance			<u>\$683,209</u>	<u>\$15,456</u>	<u>\$721,283</u>	<u>\$13,288</u>

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

**CLINTON-MASSIE LOCAL SCHOOL DISTRICT
CLINTON COUNTY**

**NOTES TO THE FEDERAL AWARDS EXPENDITURES SCHEDULE
FISCAL YEAR ENDED JUNE 30, 2008**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - CHILD NUTRITION CLUSTER

Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first.

NOTE C – FOOD DONATION PROGRAM

Program regulations do not require the District to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. This non-monetary assistance (expenditures) is reported in the Schedule at the fair value of the commodities received.

NOTE D – MATCHING REQUIREMENTS

Certain Federal programs require that the District contribute non-Federal funds (matching funds) to support the Federally-funded programs. The District has complied with the matching requirements. The expenditure of non-Federal matching funds is not included on the Schedule.



Mary Taylor, CPA

Auditor of State

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

Clinton-Massie Local School District
Clinton County
2556 Lebanon Road
Clarksville, Ohio 45113

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Clinton-Massie Local School District, Clinton County, Ohio (the District), as of and for the year ended June 30, 2008, which collectively comprise the District's basic financial statements and have issued our report thereon dated June 23, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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

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

We noted certain matters that we reported to the District's management in a separate letter dated June 23, 2009.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note certain noncompliance or other matters that we reported to the District's management in a separate letter dated June 23, 2009.

The District's responses to the findings identified in our audit are described in the accompanying schedule of findings. We did not audit the District's responses and, accordingly, we express no opinion on them.

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



Mary Taylor, CPA
Auditor of State

June 23, 2009



Mary Taylor, CPA

Auditor of State

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

Clinton-Massie Local School District
Clinton County
2556 Lebanon Road
Clarksville, Ohio 45113

To the Board of Education:

Compliance

We have audited the compliance of Clinton-Massie Local School District, Clinton County, Ohio (the District), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that apply to each of its major federal programs for the year ended June 30, 2008. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal programs. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the Clinton-Massie Local School District complied, in all material respects, with the requirements referred to above that apply to each of its major federal programs for the year ended June 30, 2008.

Internal Control Over Compliance

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

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

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

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

The District's responses to the findings we identified are described in the accompanying schedule of findings. We did not audit the District's responses and, accordingly, we express no opinion on them.

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



Mary Taylor, CPA
Auditor of State

June 23, 2009

**CLINTON-MASSIE LOCAL SCHOOL DISTRICT
CLINTON COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2008**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Special Education Cluster CFDA: 84.027 and 84.173 Improving Teacher Quality CFDA: 84.367
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None



Mary Taylor, CPA
Auditor of State

CLINTON-MASSIE LOCAL SCHOOL DISTRICT

CLINTON 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
JULY 14, 2009**