



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**CLYDE-GREEN SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
SANDUSKY COUNTY**

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STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

One Government Center
Suite 1420
Toledo, Ohio 43604-2246
Telephone 419-245-2811
800-443-9276
Facsimile 419-245-2484
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

Clyde-Green Springs Exempted Village School District
Sandusky County
106 South Main Street
Clyde, Ohio 43410-1695

To the Board of Education:

We have audited the accompanying general-purpose financial statements of the Clyde-Green Springs Exempted Village School District (the District) as of and for the year ended June 30, 2002, as listed in the table of contents. These general-purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

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

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Clyde-Green Springs Exempted Village School District, Sandusky County, as of June 30, 2002, and the results of its operations and the cash flows of its proprietary fund type and nonexpendable trust 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 December 5, 2002 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

A handwritten signature in black ink, appearing to read "Jim Petro", written in a cursive style.

Jim Petro
Auditor of State

December 5, 2002

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**CLYDE-GREEN SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
SANDUSKY COUNTY**

COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
ASSETS AND OTHER DEBITS				
Assets:				
Equity in pooled cash and cash equivalents	\$3,091,277	\$216,360	\$141,095	\$94,246
Equity in pooled cash and cash equivalents - nonexpendable trust fund				
Receivables (net of allowances of uncollectibles):				
Property taxes - current and delinquent	5,358,045		262,903	202,356
Accounts	2,619	3		
Accrued interest	20,860			
Interfund loan receivable	144,673			
Due from other governments		203,441		
Materials and supplies inventory	52,525			
Prepayments	34,616	716		
Restricted assets:				
Equity in pooled cash and cash equivalents	91,764			
Property, plant and equipment (net of accumulated depreciation where applicable)				
Other debits:				
Amount available in debt service fund				
Amount to be provided for retirement of general long-term obligations				
Total assets and other debits	\$8,796,379	\$420,520	\$403,998	\$296,602

Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Total (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Trust and Agency			
\$124,187	\$75,258			\$3,742,423
	5,000			5,000
				5,823,304
2				2,624
				20,860
				144,673
22,909				226,350
20,687				73,212
47				35,379
				91,764
114,239		\$27,514,267		27,628,506
			\$184,374	184,374
			4,641,807	4,641,807
\$282,071	\$80,258	\$27,514,267	\$4,826,181	\$42,620,276

(Continued)

**CLYDE-GREEN SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
SANDUSKY COUNTY**

COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002
(Continued)

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
LIABILITIES, EQUITY AND OTHER CREDITS				
Liabilities:				
Accounts payable	\$13,060	\$7,709		\$7,921
Accrued wages and benefits	1,171,693	32,218		
Compensated absences payable	25,197	913		
Pension obligation payable	215,001	3,804		
Interfund loan payable		117,483		27,190
Deferred revenue	4,481,974	53,448	\$219,624	169,044
Due to other governments	45,267	1,348		
Due to students				
Capital lease obligation				
General obligation bonds payable				
Energy conservation loan payable				
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	5,952,192	216,923	219,624	204,155
Equity and other credits:				
Investment in general fixed assets				
Contributed capital				
Retained earnings : unreserved				
Fund balances:				
Reserved for encumbrances	378,671	82,588		47,882
Reserved for materials and supplies inventory	52,525			
Reserved for prepayments	34,616	716		
Reserved for debt service			141,095	
Reserved for tax revenue unavailable for appropriation	882,047		43,279	33,312
Reserved for Budget Stabilization	67,853			
Reserved for school bus purchases	23,911			
Reserved for principal endowment				
Designated for budget stabilization	427,426			
Unreserved:				
Undesignated	977,138	120,293		11,253
	<hr/>	<hr/>	<hr/>	<hr/>
Total equity and other credits	2,844,187	203,597	184,374	92,447
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities, equity and other credits	\$8,796,379	\$420,520	\$403,998	\$296,602

The notes to the general-purpose financial statements are an integral part of this statement.

Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Total (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Trust and Agency			
				\$28,690
\$36,667				1,240,578
31,433			\$1,584,933	1,642,476
32,228			104,323	355,356
				144,673
14,435				4,938,525
1,333	\$1,920			49,868
	54,898			54,898
			103,262	103,262
			2,895,000	2,895,000
			138,663	138,663
<u>116,096</u>	<u>56,818</u>		<u>4,826,181</u>	<u>11,591,989</u>
		\$27,514,267		27,514,267
14,056				14,056
151,919				151,919
				509,141
				52,525
				35,332
				141,095
				958,638
				67,853
				23,911
	5,000			5,000
				427,426
	18,440			1,127,124
<u>165,975</u>	<u>23,440</u>	<u>27,514,267</u>		<u>31,028,287</u>
<u>\$282,071</u>	<u>\$80,258</u>	<u>\$27,514,267</u>	<u>\$4,826,181</u>	<u>\$42,620,276</u>

**CLYDE-GREEN SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
SANDUSKY COUNTY**

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

	Governmental Fund Types	
	General	Special Revenue
Revenues:		
From local sources:		
Taxes	\$5,805,510	
Tuition	9,373	
Earnings on investments	153,670	\$750
Extracurricular		219,806
Other local revenues	549,427	79,785
Other revenue	23,427	4,256
Intergovernmental - State	8,416,937	354,042
Intergovernmental - Federal	4,309	476,482
Total revenue	<u>14,962,653</u>	<u>1,135,121</u>
Expenditures:		
Current:		
Instruction:		
Regular	7,041,741	166,142
Special	1,480,444	321,914
Vocational	18,176	
Other	35,887	
Support services:		
Pupil	735,310	37,838
Instructional staff	552,798	39,440
Board of Education	23,252	
Administration	1,237,010	125,804
Fiscal	362,535	4,845
Business	22,941	
Operations and maintenance	1,428,965	10,211
Pupil transportation	794,630	13,460
Central	6,467	19,512
Operation of non-instructional services		12,811
Extracurricular activities	335,027	213,136
Facilities acquisition and construction	514,603	13,945
Capital outlay	114,705	
Intergovernmental pass through		66,674
Debt service:		
Principal retirement	17,743	
Interest and fiscal charges	5,684	
Total expenditures	<u>14,727,918</u>	<u>1,045,732</u>
Excess of revenues over (under) expenditures	<u>234,735</u>	<u>89,389</u>
Other financing sources (uses):		
Proceeds of capital lease transaction	121,005	
Operating transfers in		
Operating transfers out	(97,401)	
Proceeds from sale of fixed assets	2,316	
Total other financing sources (uses)	<u>25,920</u>	
Excess of revenues and other financing sources over (under) expenditures and other financing (uses)	260,655	89,389
Fund balances, July 1	2,591,729	114,208
Decrease in reserve for inventory	(8,197)	
Fund balances, June 30	<u>\$2,844,187</u>	<u>\$203,597</u>

The notes to the general-purpose financial statements are an integral part of this statement.

Governmental Fund Types		Fiduciary Fund Type	Total (Memorandum Only)
Debt Service	Capital Projects	Expendable Trust	
\$297,742	\$218,656		\$6,321,908
			9,373
4,702	34	\$598	159,754
			219,806
			629,212
			27,683
30,015	99,530		8,900,524
			480,791
<u>332,459</u>	<u>318,220</u>	<u>598</u>	<u>16,749,051</u>
	7,353		7,215,236
			1,802,358
			18,176
			35,887
			773,148
	262		592,500
			23,252
			1,362,814
6,142	4,590		378,112
			22,941
	3,895		1,443,071
	8,508		816,598
	12,000		37,979
			12,811
			548,163
	180,170		708,718
			114,705
			66,674
166,972			184,715
182,403			188,087
<u>355,517</u>	<u>216,778</u>		<u>16,345,945</u>
<u>(23,058)</u>	<u>101,442</u>	<u>598</u>	<u>403,106</u>
			121,005
97,401			97,401
			(97,401)
			2,316
<u>97,401</u>			<u>123,321</u>
74,343	101,442	598	526,427
110,031	(8,995)	17,842	2,824,815
			(8,197)
<u>\$184,374</u>	<u>\$92,447</u>	<u>\$18,440</u>	<u>\$3,343,045</u>

**CLYDE-GREEN SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
SANDUSKY COUNTY**

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL COMPARISON (NON-GAAP BUDGETARY BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

	General		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:			
From local sources:			
Taxes	\$5,357,303	\$5,357,303	
Tuition	7,710	7,710	
Earnings on investments	155,336	155,336	
Extracurricular			
Other local revenues	548,147	548,147	
Other revenue			
Intergovernmental - State	8,416,937	8,416,937	
Intergovernmental - Federal	4,309	4,309	
Total revenues	<u>14,489,742</u>	<u>14,489,742</u>	
Expenditures:			
Current:			
Instruction:			
Regular	7,135,025	7,125,745	9,280
Special	1,471,754	1,453,586	18,168
Vocational	35,000	18,176	16,824
Other	85,000	35,887	49,113
Support services:			
Pupil	771,260	747,010	24,250
Instructional staff	551,697	545,382	6,315
Board of Education	38,275	26,612	11,663
Administration	1,320,016	1,247,740	72,276
Fiscal	399,767	365,225	34,542
Business	23,227	22,908	319
Operations and maintenance	1,657,163	1,566,060	91,103
Pupil transportation	919,661	864,621	55,040
Central	28,500	2,484	26,016
Operation of non-instructional services			
Extracurricular activities	360,085	335,316	24,769
Facilities acquisition and construction	537,073	532,652	4,421
Intergovernmental pass through			
Debt service:			
Principal retirement			
Interest and fiscal charges			
Total expenditures	<u>15,333,503</u>	<u>14,889,404</u>	<u>444,099</u>
Excess of revenues over (under) expenditures	<u>(843,761)</u>	<u>(399,662)</u>	<u>444,099</u>
Other financing sources (uses):			
Advances in	168,136	168,136	
Advances out	(200,000)	(144,673)	55,327
Operating transfers in			
Operating transfers out	(100,000)	(97,401)	2,599
Proceeds from sale of fixed assets	2,316	2,316	
Refund of prior year expenditure	906	906	
Refund of prior year receipts			
Total other financing sources (uses)	<u>(128,642)</u>	<u>(70,716)</u>	<u>57,926</u>
Excess of revenues and other financing sources over (under) expenditures and other financing (uses).	<u>(972,403)</u>	<u>(470,378)</u>	<u>502,025</u>
Fund balances, July 1 (restated)	2,552,538	2,552,538	
Prior year encumbrances appropriated	689,317	689,317	
Fund balances, June 30	<u>\$2,269,452</u>	<u>\$2,771,477</u>	<u>\$502,025</u>

Special Revenue			Debt Service		
Revised Budget	Actual	Variance: Favorable (Unfavorable)	Budget Revised	Actual	Variance: Favorable (Unfavorable)
			\$275,635	\$275,635	
\$94	\$897	\$803	5,415	5,415	
233,378	179,890	(53,488)			
66,326	119,814	53,488			
4,256	4,256				
354,844	354,041	(803)	30,015	30,015	
326,490	326,488	(2)			
<u>985,388</u>	<u>985,386</u>	<u>(2)</u>	<u>311,065</u>	<u>311,065</u>	
233,574	204,636	28,938			
342,554	326,690	15,864			
40,974	38,146	2,828			
43,377	42,829	548			
145,155	132,336	12,819			
4,845	4,845		6,150	6,142	\$8
10,211	10,211				
13,460	13,460				
19,512	19,512				
13,428	11,323	2,105			
253,893	240,307	13,586			
23,735	15,933	7,802			
84,076	75,825	8,251			
			166,972	166,972	
			<u>202,692</u>	<u>202,692</u>	
<u>1,228,794</u>	<u>1,136,053</u>	<u>92,741</u>	<u>375,814</u>	<u>375,806</u>	<u>8</u>
<u>(243,406)</u>	<u>(150,667)</u>	<u>92,739</u>	<u>(64,749)</u>	<u>(64,741)</u>	<u>8</u>
117,483	117,483				
	(43,136)	(43,136)	97,401	97,401	
(1,041)	(1,041)				
<u>116,442</u>	<u>73,306</u>	<u>(43,136)</u>	<u>97,401</u>	<u>97,401</u>	
(126,964)	(77,361)	49,603	32,652	32,660	8
160,962	160,962		108,435	108,435	
42,462	42,462				
<u>\$76,460</u>	<u>\$126,063</u>	<u>\$49,603</u>	<u>\$141,087</u>	<u>\$141,095</u>	<u>\$8</u>

(Continued)

**CLYDE-GREEN SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
SANDUSKY COUNTY**

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL COMPARISON (NON-GAAP BUDGETARY BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 2002
(Continued)

	Capital Projects		
	Budget Revised	Actual	Variance: Favorable (Unfavorable)
Revenues:			
From local sources:			
Taxes	\$201,965	\$201,965	
Tuition			
Earnings on investments	34	34	
Extracurricular			
Other local revenues			
Other revenue			
Intergovernmental - State	99,530	99,530	
Intergovernmental - Federal			
Total revenues	<u>301,529</u>	<u>301,529</u>	
Expenditures:			
Current:			
Instruction:			
Regular	59,926	49,650	\$10,276
Special			
Vocational			
Other			
Support services:			
Pupil			
Instructional staff	327	261	66
Board of Education			
Administration			
Fiscal	5,500	4,590	910
Business			
Operations and maintenance	8,200	3,895	4,305
Pupil transportation	11,655	11,588	67
Central	36,488	12,000	24,488
Operation of non-instructional services			
Extracurricular activities			
Facilities acquisition and construction	189,355	192,576	(3,221)
Intergovernmental pass through			
Debt service:			
Principal retirement			
Interest and fiscal charges			
Total expenditures	<u>311,451</u>	<u>274,560</u>	<u>36,891</u>
Excess of revenues over (under) expenditures	<u>(9,922)</u>	<u>26,969</u>	<u>36,891</u>
Other financing sources (uses):			
Advances in	27,190	27,190	
Advances out		(125,000)	(125,000)
Operating transfers in			
Operating transfers out			
Proceeds from sale of fixed assets			
Refund of prior year expenditure			
Refund of prior year receipts			
Total other financing sources (uses)	<u>27,190</u>	<u>(97,810)</u>	<u>(125,000)</u>
Excess of revenues and other financing sources over (under) expenditures and other financing (uses).	17,268	(70,841)	(88,109)
Fund balances, July 1 (restated)	13,200	13,200	
Prior year encumbrances appropriated	96,085	96,085	
Fund balances, June 30	<u>\$126,553</u>	<u>\$38,444</u>	<u>(\$88,109)</u>

The notes to the general-purpose financial statements are an integral part of this statement.

Total (Memorandum only)		
Budget Revised	Actual	Variance: Favorable (Unfavorable)
\$5,834,903	\$5,834,903	
7,710	7,710	
160,879	161,682	\$803
233,378	179,890	(53,488)
614,473	667,961	53,488
4,256	4,256	
8,901,326	8,900,523	(803)
330,799	330,797	(2)
<u>16,087,724</u>	<u>16,087,722</u>	<u>(2)</u>
7,428,525	7,380,031	48,494
1,814,308	1,780,276	34,032
35,000	18,176	16,824
85,000	35,887	49,113
812,234	785,156	27,078
595,401	588,472	6,929
38,275	26,612	11,663
1,465,171	1,380,076	85,095
416,262	380,802	35,460
23,227	22,908	319
1,675,574	1,580,166	95,408
944,776	889,669	55,107
84,500	33,996	50,504
13,428	11,323	2,105
613,978	575,623	38,355
750,163	741,161	9,002
84,076	75,825	8,251
166,972	166,972	
<u>202,692</u>	<u>202,692</u>	
<u>17,249,562</u>	<u>16,675,823</u>	<u>573,739</u>
<u>(1,161,838)</u>	<u>(588,101)</u>	<u>573,737</u>
312,809	312,809	
(200,000)	(312,809)	(112,809)
97,401	97,401	
(100,000)	(97,401)	2,599
2,316	2,316	
906	906	
<u>(1,041)</u>	<u>(1,041)</u>	
<u>112,391</u>	<u>2,181</u>	<u>(110,210)</u>
(1,049,447)	(585,920)	463,527
2,835,135	2,835,135	
827,864	827,864	
<u>\$2,613,552</u>	<u>\$3,077,079</u>	<u>\$463,527</u>

**CLYDE-GREEN SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
SANDUSKY COUNTY**

COMBINED STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND EQUITY
PROPRIETARY FUND TYPE AND NONEXPENDABLE TRUST FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Total (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Nonexpendable Trust</u>	
Operating revenues:			
Sales/charges for services	\$458,970		\$458,970
Investment earnings		\$138	138
Total operating revenues	<u>458,970</u>	<u>138</u>	<u>459,108</u>
Operating expenses:			
Personal services	354,779		354,779
Contract services	26,059		26,059
Materials and supplies	18,482		18,482
Cost of sales	263,051		263,051
Depreciation	18,398		18,398
Other		600	600
Total operating expenses	<u>680,769</u>	<u>600</u>	<u>681,369</u>
Operating loss	<u>(221,799)</u>	<u>(462)</u>	<u>(222,261)</u>
Nonoperating revenues:			
Operating grants	190,466		190,466
Federal commodities	51,813		51,813
Interest revenue	4,110		4,110
Gain on sale of capital assets	23		23
Total nonoperating revenues	<u>246,412</u>		<u>246,412</u>
Net income (loss)	24,613	(462)	24,151
Depreciation on assets acquired by contributed capital	3,276		3,276
Retained earnings/fund balance, July 1	<u>124,030</u>	<u>5,462</u>	<u>129,492</u>
Retained earnings/fund balance, June 30	<u>151,919</u>	<u>5,000</u>	<u>156,919</u>
Contributed capital, July 1	17,332		17,332
Depreciation on assets acquired by contributed capital	<u>(3,276)</u>		<u>(3,276)</u>
Contributed capital, June 30	<u>14,056</u>		<u>14,056</u>
Total fund equity, June 30	<u><u>\$165,975</u></u>	<u><u>\$5,000</u></u>	<u><u>\$170,975</u></u>

The notes to the general-purpose financial statements are an integral part of this statement.

**CLYDE-GREEN SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
SANDUSKY COUNTY**

COMBINED STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE AND NONEXPENDABLE TRUST FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

	Proprietary Fund Type	Fiduciary Fund Type	Total (Memorandum Only)
	Enterprise	Nonexpendable Trust	
Cash flows from operating activities:			
Cash received from sales/service charges	\$458,968		\$458,968
Cash payments for personal services	(351,551)		(351,551)
Cash payments for contract services	(26,059)		(26,059)
Cash payments for materials and supplies	(18,521)		(18,521)
Cash payments for cost of goods sold	(211,399)		(211,399)
Cash payments for other expenses		(\$600)	(600)
Net cash used in operating activities	<u>(148,562)</u>	<u>(600)</u>	<u>(149,162)</u>
Cash flows from noncapital financing activities:			
Cash received from operating grants	<u>167,557</u>		<u>167,557</u>
Net cash provided by noncapital financing activities	<u>167,557</u>		<u>167,557</u>
Cash flows from capital and related financing activities:			
Proceeds of sale of capital assets	23		23
Acquisition of capital assets	<u>(12,089)</u>		<u>(12,089)</u>
Net cash used in capital and related financing activities	<u>(12,066)</u>		<u>(12,066)</u>
Cash flows from investing activities:			
Interest received	<u>4,110</u>	267	<u>4,377</u>
Net cash provided by investing activities	<u>4,110</u>	<u>267</u>	<u>4,377</u>
Net increase (decrease) in cash and cash equivalents	11,039	(333)	10,706
Cash and cash equivalents at beginning of year	<u>113,148</u>	<u>5,333</u>	<u>118,481</u>
Cash and cash equivalents at end of year	<u><u>\$124,187</u></u>	<u><u>\$5,000</u></u>	<u><u>\$129,187</u></u>

(Continued)

**CLYDE-GREEN SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
SANDUSKY COUNTY**

COMBINED STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE AND NONEXPENDABLE TRUST FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2002
(Continued)

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Total (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Nonexpendable Trust</u>	
Reconciliation of operating loss to net cash used in operating activities:			
Operating loss	(\$221,799)	(\$462)	(\$222,261)
Adjustments to reconcile operating loss to net cash used in operating activities:			
Depreciation	18,398		18,398
Federal donated commodities	51,813		51,813
Interest reported as operating income		(138)	(138)
Changes in assets and liabilities:			
Increase in materials and supplies inventory	(7,201)		(7,201)
Decrease in prepayments	3,384		3,384
Increase in accounts receivable	(2)		(2)
Decrease in accounts payable	(101)		(101)
Decrease in accrued wages and benefits	(35,903)		(35,903)
Increase in compensated absences payable	2,186		2,186
Increase in due to other governments	1,333		1,333
Increase in pension obligation payable	32,228		32,228
Increase in deferred revenue	7,102		7,102
Net cash used in operating activities	<u>(\$148,562)</u>	<u>(\$600)</u>	<u>(\$149,162)</u>

The notes to the general-purpose financial statements are an integral part of this statement.

**CLYDE-GREEN SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
SANDUSKY COUNTY**

**NOTES TO GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

The Clyde-Green Springs Exempted Village School District (the District) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is an exempted village school district as defined by § 3311.04 of the Ohio Revised Code. The District operates under an elected Board of Education (five members) and is responsible for the provision of public education to residents of the School District.

The District currently operates one elementary school and one comprehensive high school. The District employs 95 non-certified and 158 certified (including administrative) full-time and part-time employees to provide services to approximately 2,350 students in grades K through 12 and various community groups, which ranks it 226th out of approximately 705 public and community school districts in Ohio.

The District provides regular, vocational and special instruction. The District also provides support services for the pupils, instructional staff, general and District administration, business and fiscal services, facilities acquisitions and construction services, operation and maintenance of plant, student transportation, food services, extracurricular activities and nonprogrammed services.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The general purpose financial statements (GPFS) 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 prior to November 30, 1989 to its proprietary activities unless those pronouncements conflict with or contradict GASB pronouncements. The District's significant accounting policies are described below.

A. Reporting Entity

The District's reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity". A reporting entity is comprised of the primary government, component units, and other organizations that are included to insure that the 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, 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; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization or 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 for the organization. The financial statements of the reporting entity include only those of the District (the primary government). The District has no component units. The following organizations are described due to their relationship to the District.

**CLYDE-GREEN SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
SANDUSKY COUNTY**

NOTES TO GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002
(Continued)

JOINTLY GOVERNED ORGANIZATIONS

Northern Ohio Educational Computer Association

The Northern Ohio Educational Computer Association (NOECA) is a jointly governed organization among thirty-eight 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 among member districts. Each of the governments of these schools supports NOECA based upon a per pupil charge dependent upon the software package utilized. The NOECA assembly consists of a superintendent from each participating school district and a representative from the fiscal agent. NOECA is governed by a Board of Directors chosen from the general membership of the NOECA Assembly. The Board of Directors consists of a representative from the fiscal agent, the chairman of each of the operating committees, and two Assembly members from each county in which participating school districts are limited to its representation on the Board.

The District paid \$54,938 to NOECA in fiscal year 2002 for services. Financial information can be obtained by contacting Betty Schwiefert, who serves as controller, at 2900 South Columbus Avenue, Sandusky, Ohio 44870.

Vanguard-Sentinel Career Centers

The Vanguard-Sentinel Career Centers are a distinct political subdivision of the State of Ohio operated under the direction of a Board, consisting of two representatives from Fremont City Schools and one representative from the Clyde-Green Springs Exempted Village School District and each of the other twelve participating school districts' elected boards, which possesses its own budgeting and taxing authority. Accordingly, the Vanguard-Sentinel career centers are not part of the Clyde-Green Springs Exempted Village School District and its operations are not included as part of the reporting entity. To obtain financial information write to the Vanguard-Sentinel Career Centers, Jay Valasek, Treasurer, at 1306 Cedar Street, Fremont, Ohio 43420.

Bay Area Council

The Bay Area Council was established in 1986 to carry out a cooperative program for the purchase of natural gas among boards of education located in Erie, Huron, Ottawa, Sandusky, Seneca, and Wood Counties. The Bay Area Council is organized under Ohio laws as a regional council of governments pursuant to a written agreement entered into by its member boards of education. The Bay Area Council is governed by a Board of Directors. This Board is elected by an Assembly consisting of a representative from each participating school district. The District paid \$165,182 to Bay Area Council during fiscal year 2002 for gas usage and related fees. Financial information can be obtained from the Erie County Educational Service Center, who serves as fiscal agent, 2902 Columbus Avenue, Sandusky, Ohio 44870.

Northwest Ohio Educational Research Council

The Northwest Ohio Educational Research Council serves a twenty-five county area in Northwest Ohio. The Board of Directors consists of superintendents from two educational service centers, two exempted village school Districts, five local school Districts and five city school districts, as well as representatives from two private or parochial schools and three institutions of higher education. Each active member is entitled to one vote on all issues addressed by the Board of Directors. The

**CLYDE-GREEN SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
SANDUSKY COUNTY**

NOTES TO GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002
(Continued)

agent for the Northwest Ohio Educational Research Council is David G. Elsass, 806 Cherry Hill Drive, Bowling Green, Ohio 43402.

RELATED ORGANIZATION

Clyde Public Library

The library is a separate body politic which provides various educational and literary resources to an area whose borders match the School Districts' with the exception of the Village of Green Springs and the portions of the School District located in Pleasant and Adams Townships, Seneca County. The Library's Board of Trustees is appointed by the School District Board of Education, however the School District does not exercise significant influence over its daily operation, participate in fiscal management or scope of public service, provide financial support, or hold accountability for fiscal matters. Financial information can be obtained by contacting Laurel A. Hedricks, Treasurer, 222 W. Buckeye Street, Clyde, Ohio 43410.

PUBLIC ENTITY RISK POOL

Ohio School Boards Association Workers' Compensation Group Rating Plan

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

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

B. Fund Accounting

The District uses funds and account groups to report its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain school district activities or functions. Funds are classified into three categories: governmental, proprietary and fiduciary. Each category is divided into separate fund types.

GOVERNMENTAL FUNDS

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

General Fund - The general fund is the general operating fund of the District and is used to account for all financial resources except those required to be accounted for in another fund.

**CLYDE-GREEN SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
SANDUSKY COUNTY**

NOTES TO GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002
(Continued)

The general fund balance is available to the District for any purpose provided it is expended or transferred in accordance with applicable Ohio statute.

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

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

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

PROPRIETARY FUNDS

Proprietary funds are used to account for the District's ongoing activities which are similar to those often found in the private sector, where the determination of net income is necessary or useful to sound financial administration. The following are the District's proprietary fund types.

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

FIDUCIARY FUNDS

Trust and Agency Funds - These funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. These include expendable trust, non-expendable trust and agency funds. Expendable trust funds are accounted for in essentially the same manner as governmental funds. Nonexpendable trust funds are accounted for in essentially the same manner as proprietary funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations, or have a measurement focus. Agency funds are presented on a budgetary basis, with note disclosure, if applicable, regarding items which, in other funds, would be subject to accrual (See Note 3.C.).

ACCOUNT GROUPS

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

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

**CLYDE-GREEN SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
SANDUSKY COUNTY**

NOTES TO GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002
(Continued)

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

C. Measurement Focus/Basis of Accounting

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

All proprietary funds and the nonexpendable trust fund are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations of these funds are included on the balance sheet. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

The modified accrual basis of accounting is followed for governmental and expendable trust funds. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available to finance expenditures of the current period, which for the District is sixty days after the June 30 year-end. Revenues accrued at the end of the year include interest, tuition, grants and entitlements (to the extent such grants and entitlements relate to the current fiscal year), and accounts (student fees and rent). Current property taxes measurable as of June 30, 2002, but which are intended to finance fiscal 2003 operations, have been recorded as deferred revenues.

Delinquent property taxes measurable and available (received within 60 days) and amounts available as an advance on future tax settlements are recognized as revenue at year-end. Taxes available for advance and recognized as revenue, but not received by the District prior to June 30, 2002, are reflected as a reservation of fund balance for future appropriations. The District is prohibited by law from appropriating this revenue in accordance with ORC Section 5705.35, since an advance of revenue was not requested or received prior to the fiscal year-end.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On the modified accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied and the resources are available. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been met and the resources are available. 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 specific purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis.

The District reports deferred revenue on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition

**CLYDE-GREEN SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
SANDUSKY COUNTY**

NOTES TO GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002
(Continued)

criteria are met, or when the government has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

Expenditures (decreases in net financial resources) are recognized in the period in which the fund liability is incurred with the following exceptions: general long-term obligation principal and interest are reported only when due; and the costs of accumulated unpaid vacation and sick leave are reported as expenditures in the period in which they will be liquidated with available financial resources rather than in the period earned by employees. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

The proprietary funds and nonexpendable trust funds are accounted for on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The fair value of donated commodities used during the year is reported on the operating statement as an expense, with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenues.

On the accrual basis of accounting, revenue from nonexchange transactions, such as grants, entitlements, and donations, is recognized in the fiscal year in which all eligibility requirements have been met. The proprietary funds receive no revenue from property taxes.

D. Budgets

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established time-table. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting.

The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are required to be budgeted and appropriated. The legal level of budgetary control is at the fund/function/object level within the general fund and at the fund level for all other funds. Budgetary modifications may only be made by resolution of the Board of Education.

Tax Budget

A budget of estimated revenue and expenditures is submitted to the County Auditor, as Secretary of the County Budget Commission, by January 20 of each year, for the period July 1 to June 30 of the following year.

Estimated Resources

The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Commission certifies its action to the District by March 1. As part of this certification, the District receives the official certificate of estimated resources, which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as a basis for the annual appropriation measure. On or about July 1, the certificate of estimated resources is amended to include any unencumbered balances

**CLYDE-GREEN SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
SANDUSKY COUNTY**

NOTES TO GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002
(Continued)

from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed current estimates.

The amounts reported in the budgetary statement reflect amounts internally developed by management.

Appropriations

A temporary appropriation resolution to control expenditures may be passed on or about July 1 of each year for the period of July 1 to September 30. An annual appropriation resolution must be passed by October 1 of each year for the period July 1 to June 30. The appropriation resolution fixes spending authority at the fund/function level.

The appropriation resolution may be amended during the year as new information becomes available, provided that total fund appropriations do not exceed current estimated resources, as certified. The allocation of appropriations among functions within a fund may be modified during the year by a resolution for the Board of Education. Several supplemental appropriation resolutions were enacted by the Board of Education during the year. The budget figures which appear in the statement so budgetary comparisons represent the final appropriation amounts including all amendments and modifications.

Encumbrances

As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are encumbered and recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance.

On the GAAP basis, encumbrances outstanding at year end are reported as reservations of fund balances for subsequent-year expenditures.

Lapsing of Appropriations

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

E. Cash and Investments

To improve cash management, cash received by the District is pooled. Monies for all funds, including Proprietary 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 Cash Equivalents" on the combined balance sheet.

State status authorize the government to invest in obligations of the U. S. Treasury, obligations of the State of Ohio, obligations of its political subdivision and agencies, repurchase agreements, State Treasurer's investment pool, bankers' acceptances and commercial paper notes.

**CLYDE-GREEN SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
SANDUSKY COUNTY**

NOTES TO GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002
(Continued)

During 2002, investments were limited to savings bonds, federal agency securities and investments in the State Treasury Asset Reserve of Ohio (STAR Ohio). Investments are reported at fair value which is based on quoted market prices.

STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the state to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2002.

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, Auxiliary Services Fund, Debt Service Fund, Permanent Improvement Fund, Food Service Fund, the Special Trust Funds and the Endowment Fund. The general fund was credited with more interest than would have been received based upon its share of the District's investments during fiscal 2002. Interest revenue credited to the general fund during fiscal 2002 amounted to \$153,670, which includes \$16,823 assigned from other District funds.

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

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

F. Inventory

Inventories for all governmental funds are valued at cost (first-in/first-out method). The purchase method is used to account for inventories. Under the purchase method, inventories are recorded as expenditures when purchased; however, material amounts of inventories at period end are reported as assets of the respective fund, which are equally offset by a fund balance reserve which indicates they are unavailable for appropriation even though they are a component of reported assets.

Inventories of proprietary funds are valued at the lower of cost (first-in/first-out method) or market and expensed when used rather than when purchased.

G. Prepaids

Prepayments for governmental funds represent cash disbursements which have occurred and are therefore not current expendable resources. These items are reported as fund assets on the balance sheet using the allocation method, which amortizes their cost over the periods benefiting from the advance payment. At fiscal year-end, because prepayments are not available to finance future governmental fund expenditures, the fund balance is reserved by an amount equal to the carrying value of the asset.

**CLYDE-GREEN SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
SANDUSKY COUNTY**

NOTES TO GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002
(Continued)

H. Fixed Assets and Depreciation

1. General Fixed Assets Account Group

General fixed assets are capitalized at cost (or estimated historical cost) and updated for the cost of additions and retirements during the year in the general fixed assets account group. Donated fixed assets are recorded at their fair market values as of the date donated. The District follows the policy of not capitalizing assets with a cost of less than \$500. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. No depreciation is recognized for assets in the general fixed assets account group. The District has not included infrastructure in the general fixed asset account group.

2. Proprietary Funds

Equipment reflected in these funds is stated at historical cost (or estimated historical cost) and updated for the cost of additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date donated. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets. Depreciation has been provided, where appropriate, on a straight-line basis over the following estimated useful lives.

<u>Asset</u>	<u>Life (years)</u>
Buildings	40
Equipment	8 - 20
Vehicles	3 - 5

I. Compensated Absences

Compensated absences of the District consist of vacation leave and sick leave to the extent that payment 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 Statement No. 16 of the Governmental Accounting Standards Board, "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. A liability for sick leave 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. Sick leave benefits are accrued as a liability using the "vesting method".

The total liability for vacation and sick leave payments has 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.

Accumulated vacation and severance of governmental fund type employees meeting the above requirements have been recorded in the appropriate governmental fund as a current liability to the extent that the amounts are expected to be payable within the current available period. The balance of the liability is recorded in the general long-term obligations account group. Vacation and

**CLYDE-GREEN SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
SANDUSKY COUNTY**

NOTES TO GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002
(Continued)

sick leave for employees meeting the above requirements who are paid from proprietary funds is recorded as an expense when earned.

J. Long-Term Obligations

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

Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate proprietary funds.

K. Fund Reserves/Designations

Reserved fund balances indicate that portion of fund equity, which is not available for current appropriation or is legally segregated for a specific use. Designated fund balance indicates that portion of fund equity for which management has an intended use of the resources. Fund balances are reserved for encumbrances, prepayments, materials and supplies inventory, debt service, tax revenue unavailable for appropriation, school bus purchases, and budget stabilization. In addition, although the nonexpendable trust fund uses the total economic resources measurement focus, the fund equity is reserved for the amount of principal endowment. The unreserved portions of fund equity reflected for the governmental funds are available for use within the specific purposes of those funds. The reserve for property tax revenue unavailable for appropriation represents taxes recognized as revenue under GAAP, but not available for appropriation under state statute. The District reports amounts set-aside by the School Board for budget stabilization as designation of fund balance in the general fund.

L. Contributions of Capital

Contributed capital is recorded in proprietary funds that have received capital grants or contributions from developers, customers or other funds. These assets are recorded at their fair market value on the date contributed. Depreciation on those assets acquired or constructed with contributed resources is closed to contributed capital at year-end. In accordance with GASB Statement No. 33, capital contributions are recorded as revenue and a component of retained earnings at year-end. There were no capital contributions received by the enterprise fund in 2002. The balance of contributed capital in the enterprise fund at June 30, 2002 was \$14,056.

M. Interfund Transactions

During the course of normal operations, the District has numerous transactions between funds. The most significant include:

1. Transfers of resources from one fund to another fund. The resources transferred are to be expended for operations by the receiving fund and are recorded as operating transfers, with the exception of agency funds, which do not report transfers of resources as operating transfers.

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2. Reimbursements from one fund to another are treated as expenditures/expenses in the reimbursing fund and a reduction in expenditures/expenses in the reimbursed fund.
3. Short-term interfund loans made pursuant to Board of Education Resolution are reflected as "interfund loans receivable or payable." Such interfund loans are repaid in the following fiscal year.
4. Quasi-external transactions are similar to the purchase of goods or services from a vendor; i.e., the fund which provides a service records revenue, and the fund which receives that service records an expenditure/expense.
5. Residual equity transfers are non-recurring or non-routine permanent transfers of equity, generally made when a fund is closed.
6. Long-term interfund loans that will not be repaid within the next year are termed "advances" and are shown as reservations of fund balances on the combined balance sheet for those funds that report advances to other funds as assets because they are not spendable, available resources.

An analysis of the District's interfund transactions for fiscal year 2002 is presented in Note 5.

N. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets represent amounts set aside to create a reserve for budget stabilization and amounts restricted for school bus purchases. Fund balance reserves have also been established. See note 18.

O. Estimates

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

P. Other Local Revenue

The District has reported rental receipts, contributions and donations, classroom materials and fees, payments in lieu of taxes, and other miscellaneous local receipts as "other local revenue" on the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types on the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Comparison (Non-GAAP Budgetary Basis) - All Governmental Fund Types.

Q. Memorandum Only - Total Columns

Total columns on the GPFS are captioned (Memorandum Only) to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with GAAP. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

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NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Restatement of Fund Balance

The June 30, 2001 fund balances (unencumbered cash) for the general fund, special revenue funds and capital projects funds as reported in the Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual Comparison (Non-GAAP Budgeted Basis) - All Governmental Fund Types have been restated to properly reflect the effect of encumbrances carried forward in the previous fiscal year as follows:

Fund	Balances as Previously Reported at 6/30/01	Adjustment	Restated Balances at 6/1/01
General	\$3,598,560	(\$1,046,024)	\$2,552,536
Special Revenue	196,626	(35,664)	160,962
Capital Projects	51,814	(38,614)	13,200

B. Deficit Fund Balances

Fund balances at June 30, 2002 included the following individual fund deficits:

	Deficit
<u>Special Revenue Funds</u>	
Title II Eisenhower	\$118,213
Disadvantaged Pupil Impact Aid	114

These GAAP-basis deficits will be funded by anticipated future intergovernmental revenues or other subsidies not recognized and recorded at June 30. The general fund provides transfers for deficit balances; however, transfers are made when cash is needed rather than when accruals occur. These funds complied with state statute which does not allow for a negative cash fund balance at year-end.

C. Agency Funds

The following are accrual for the agency funds, which, in another fund type, would be recognized in the combined balance sheet:

<u>ASSETS</u>	
Accounts receivable	\$215
 <u>LIABILITIES</u>	
Accounts payable	\$1,503

NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS

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

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

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

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

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 division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days from the date of purchase in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time; and,

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8. Under limited circumstances, corporate debt instruments rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. 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 qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Cash on Hand: At year-end, the District had \$102 in undeposited cash on hand which is included on the combined balance sheet as part of "Equity in Pooled Cash and Cash Equivalents".

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

Deposits: At year-end the carrying amount of the District's deposits was \$1,795,533 and the bank balance was \$2,272,298. Of the bank balance:

1. \$200,000 was covered by federal depository insurance; and
2. \$2,072,298 was uninsured and uncollateralized as defined by GASB although it was secured by letter of credit and collateral held by third party trustees, pursuant to Section 135.81, Ohio Revised Code, in collateralized pools securing all public funds on deposit with specific depository institutions; these securities not being in the name of the District. Although all state statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the District to a successful claim by the FDIC.

Investments: The District's investments are required to be categorized to give an indication of the level of risk assumed by the District at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the District or its agent in the District's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the District's name. STAR Ohio is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form.

	Category 1	Category 2	Fair Value
Savings bonds	\$5,000		\$5,000
Federal agency securities		\$2,004,997	2,004,997
Not subject to categorization:			
Investment in STAR Ohio			33,555
Total investments	\$5,000	\$2,004,997	\$2,043,552

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The classification of cash, cash equivalents, and investments on the combined balance sheet is based on criteria set forth in GASB Statement No. 9 entitled, "Reporting Cash Flows of Proprietary and Non-Expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting".

A reconciliation between the classifications of cash and cash equivalents on the combined balance sheet per GASB Statement No. 9 and the classifications of deposits and investments presented above per GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents	Investments
GASB Statement No. 9	\$3,839,187	
Investments of the cash management pool:		
Savings bonds	(5,000)	\$5,000
Federal agency securities	(2,004,997)	2,004,997
Investment in STAR Ohio	(33,555)	33,555
Cash on hand	(102)	
GASB Statement No. 3	<u>\$1,795,533</u>	<u>\$2,043,552</u>

NOTE 5 - INTERFUND TRANSACTIONS

- a. Interfund balances at June 30, 2002 consist of the following individual interfund loans receivable and payable:

	Interfund Loans Receivable	Interfund Loans Payable
General Fund	\$144,673	
<u>Special Revenue Funds</u>		
Title VI-B		\$117,258
Drug Free Schools		225
<u>Capital Projects Funds</u>		
Permanent Improvement		27,190
Total	<u>\$144,673</u>	<u>\$144,673</u>

- b. The following is a summarized breakdown of the District's operating transfers for fiscal year 2002:

	Operating Transfers In	Operating Transfers Out
General Fund		\$97,401
Debt Service Fund	\$97,401	
Total	<u>\$97,401</u>	<u>\$97,401</u>

NOTE 6 - PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis. Distributions from the second half of the calendar year occur in a new fiscal year and are intended to finance the operations of that year.

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Property taxes include amounts levied against all real, public utility and tangible (used in business) property located in the District.

Real property taxes and public utility taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Assessed values are established by state law at 35% of appraised market value.

Public utility property taxes are assessed on tangible personal property, as well as land and improvements. Real property is assessed at 35% of market value and personal property is assessed at varying rates of true value.

Tangible personal property taxes attach as a lien and are levied on January 1 of the current year. Tangible personal property assessments are 25% of true value. The first \$10,000 of assessed value is exempt from taxation. The District receives a state subsidy in lieu of tax revenue which would otherwise have been collected.

The assessed value upon which the 2001 taxes were collected was \$188,231,824. Agricultural/residential and public utility/minerals real estate represented 60.33% or \$113,567,080 of this total; Commercial & industrial real estate represented 16.01% or \$30,145,920 of this total, public utility tangible represented 3.99% or \$7,509,840 of this total and general tangible property represented 19.67% or \$37,008,984 of this total. The voted general tax rate at the fiscal year ended June 30, 2002 was \$43.15 per \$1,000.00 of assessed valuation for operations; \$1.50 per \$1,000.00 of assessed valuation for permanent improvements and \$1.60 per \$1,000.00 of assessed valuation for debt service.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due January 20; if paid semi-annually, the first payment is due January 20 with the remainder payable by June 20.

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The Sandusky County Treasurer collects property tax on behalf of the District. The County Auditor periodically remits to the District its portion of the taxes collected. These tax "advances" are based on statutory cash flow collection rates. Final "settlements" are made each February and August.

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property, and public utility taxes which became measurable as of June 30, 2002. Although total property tax collections for the next fiscal year are measurable, they are not (exclusive of advances) intended to finance current year operations. The net receivable (total receivable less amount available intended to finance the current year) is therefore offset by a credit to deferred revenue.

Taxes available for advance and recognized as revenue but not received by the District prior to June 30, 2002 are reflected as a reservation of fund balance for future appropriations. The District is prohibited by law from appropriating this revenue in accordance with ORC Section 5705.35, since an advance of revenue was not requested or received prior to the fiscal year-end. Available tax advances at June 30, 2002 totaled \$882,047 in the general fund; \$43,279 in the debt service fund; and \$33,312 in the capital projects funds.

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NOTE 7 - RECEIVABLES

Receivables at June 30, 2002 consisted of taxes, accounts (billings for user charged services and student fees), accrued interest, interfund loans, and intergovernmental grants (to the extent such grants relate to the current fiscal year). Intergovernmental grants receivable have been presented as "Due from other governments" on the combined balance sheet. Taxes and intergovernmental receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes and the stable condition of state programs.

A summary of the principal items of receivables follows:

	<u>Amounts</u>
<u>General Fund</u>	
Taxes - current and delinquent	\$5,358,045
Accrued interest	20,860
 <u>Special Revenue Funds</u>	
Due from other governments	203,441
 <u>Debt Service Fund</u>	
Taxes - current and delinquent	262,903
 <u>Capital Projects Funds</u>	
Taxes - current and delinquent	202,356
 <u>Enterprise Fund</u>	
Due from other governments	22,909

NOTE 8 - CAPITALIZED LEASES - LESSEE DISCLOSURE

During fiscal 2002, the District entered into a capitalized lease agreement for the acquisition of exercise equipment.

This lease meets 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 at the conclusion of the lease term. At inception, the leases were accounted for as a capital outlay expenditure and other financing source in the General fund. Capital lease payments have been reclassified and are reflected as debt service expenditures in the Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - All Governmental Fund Types. These expenditures are reflected as program/function expenditures on a budgetary basis.

General fixed assets acquired by lease have been capitalized in the general fixed assets account group in the amount of \$121,005, which is equal to the present value of the future minimum lease payments as of the date of inception. A corresponding liability was recorded in the general long-term obligations account group. Principal payments in the 2002 fiscal year totaled \$17,743. This amount is reflected as debt service principal retirement in the general fund.

The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the future minimum lease payments as of June 30, 2002.

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General Long-Term Obligations	
Year Ending June 30:	Equipment
2003	\$46,854
2004	46,853
2005	<u>23,427</u>
Total future minimum lease payments	117,134
Less: amount representing interest	<u>13,872</u>
Present value of future minimum lease payments	<u><u>\$103,262</u></u>

NOTE 9 - FIXED ASSETS

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

	Balance 7/1/01	Additions	Deletions	Balance 6/30/02
Land	\$401,460			\$401,460
Buildings	19,378,353	\$1,633,492		21,011,845
Improvements other than buildings	748,500	116,185		864,685
Furniture and equipment	3,116,583	352,284	\$114,660	3,354,207
Vehicles	1,134,135	66,473		1,200,608
Books	681,462			681,462
Construction in progress	<u>1,106,620</u>		<u>1,106,620</u>	
Total	<u><u>\$26,567,113</u></u>	<u><u>\$2,168,434</u></u>	<u><u>\$1,221,280</u></u>	<u><u>\$27,514,267</u></u>

A summary of the proprietary fixed assets at June 30, 2002 follows:

Building improvements	\$46,585
Furniture and equipment	<u>208,789</u>
Gross fixed assets	255,374
Less: accumulated depreciation	<u>141,135</u>
Net fixed assets	<u><u>\$114,239</u></u>

NOTE 10 - COMPENSATED ABSENCES

A. Sick Leave

All employees are entitled to fifteen (15) days sick leave with pay for each year under contract and accrue sick leave at the rate of one and one-fourth (1¼) days for each calendar month under contract. Sick leave is cumulative to two hundred fifty (250) days for all employees.

B. Severance Pay

All employees serving in a regular assignment under contract with the Clyde-Green Springs Board of Education may elect to receive a cash payment at retirement for accrued but unused sick leave. To be eligible, employees must be qualified for retirement benefits under one or more of the STRS, SERS or PERS retirement systems and have performed a minimum of ten (10) years service in one

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or more Ohio political subdivisions. Payment is to be based on employee's per diem pay rate at the time of retirement. Payment for all employees with ten (10) or more years of service will be paid based on twenty-six percent (26%) of the accrued but unused days of sick leave up to two hundred fifty (250) days up to a maximum of sixty-five (65) days. Employees under the Ohio Association of Public School Employees contract with less than ten (10) years service with the District will be paid based on twenty-six percent (26%) of the accrued but unused days of sick leave up to one hundred forty (140) days up to a maximum of thirty-six and four tenths (36.4) days.

NOTE 11 - LONG-TERM OBLIGATIONS

- A. During the year ended June 30, 2002, the following changes occurred in liabilities reported in the general long-term obligations account group. The capital lease obligation will be paid from the general fund. Compensated absences and the pension obligation will be paid from the fund from which the employee is paid.

	Balance 7/1/01	Increase	Decrease	Balance 6/30/02
Compensated absences	\$1,555,628	\$29,305		\$1,584,933
Pension obligation payable	106,327	104,323	\$106,327	104,323
Capital lease obligations		121,005	17,743	103,262
School improvement bonds	2,975,000		80,000	2,895,000
Energy conservation loan	225,635		86,972	138,663
Total	\$4,862,590	\$254,633	\$291,042	\$4,826,181

During fiscal year 1994, an energy conservation loan was established under the rules of H.B. 264. The loan was in the amount of \$753,813 at an interest rate of 5.15% with semi-annual payments of principal and interest. Proceeds of this loan were used to make energy improvements to all buildings of the District. The majority of these improvements consisted of lighting retrofits, window replacements and boiler replacements

During fiscal year 1995, the District issued bonds in the amount of \$3,400,000 for an addition and improvements to Clyde High School. The bonds were issued on January 15, 1995 with serial maturities from 1995 to 2009 at interest rates ranging from 4.80% to 6.00% and term maturities in 2013 and 2019 at rates of 7.00% and 6.10% respectively. The bonds are rated "AAA" with MBIA insurance and carry an underlying "A" rating from Moody's Investor Services.

- B. The following is a schedule of the future debt service requirements to retire the general obligation bonds and energy conservation loan:

Fiscal Year Ended June 30:	School Improvement Bonds			Energy Conservation Loan		
	Principal	Interest	Total	Principal	Interest	Total
2003	\$85,000	\$187,683	\$272,683	\$91,475	\$5,926	\$97,401
2004	90,000	182,760	272,760	47,188	1,225	48,413
2005	95,000	177,510	272,510			
2006	100,000	167,003	267,003			
2007	120,000	155,692	275,692			
2008 - 2012	710,000	656,744	1,366,744			
2013 - 2017	970,000	379,880	1,349,880			
2018 - 2020	725,000	67,558	792,558			
Total	\$2,895,000	\$1,974,830	\$4,869,830	\$138,663	\$7,151	\$145,814

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C. Legal Debt Margin

The Ohio Revised Code provides that the total net indebtedness of a school 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 further provides that unvoted indebtedness for energy conservation measures shall not exceed 9/10 of 1% of the property valuation of the District. The effects of these debt limitations for the District at June 30, 2002 are a voted debt margin of \$14,230,238 (including available funds of \$184,374), an unvoted debt margin of \$188,232, and an unvoted energy conservation debt margin of \$1,555,423.

NOTE 12 - RISK MANAGEMENT

A. Comprehensive

The District maintains comprehensive insurance coverage with private carriers for real property, building contents and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. Real property and contents are 90% coinsured.

B. Health Insurance

The District has joined together with other school districts in the area to form the San-Ott Schools Employee Welfare Benefit Association, whose purpose is to provide health coverage and benefits to and for the eligible employees of Association members and their dependents. The District pays premiums to the Association based upon the benefits structure selected. The Association Trust Agreement provides that the Association will be self-sustaining through member premiums and will reinsure through commercial companies for specific claims in excess of \$100,000 and aggregate claims in excess of 120% of expected claims.

C. Workers' Compensation

For fiscal year 2002, the District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the state based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

NOTE 13 - SEGMENT INFORMATION - ENTERPRISE FUND

The District maintains one enterprise fund which provides lunchroom/cafeteria services; therefore, segment information for the year ended June 30, 2002 is not presented. The enterprise fund had \$650 in encumbrances outstanding at June 30, 2002.

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NOTE 14 - DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

The District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing, multiple-employer defined benefit pension plan administered by the School Employees Retirement Board. 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. The report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Columbus, Ohio 43215, or by calling (614) 222-5853.

Plan members are required to contribute 9% of their annual covered salary and the District is required to contribute at an actuarially determined rate, which was 14% for 2002; 5.46% was the portion to fund pension obligations. The contribution rates of plan members and employers are established and may be amended by the School Employees Retirement Board, up to maximum amounts allowed by state statute. The adequacy of the contribution rates is determined annually. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2002, 2001, and 2000 were \$301,733, \$306,642, and \$290,520, respectively; 46% has been contributed for fiscal year 2002 and 100% for the fiscal years 2001 and 2000. \$161,448, which represents the unpaid contribution for fiscal year 2002, is recorded as a liability within the respective funds and the general long-term obligations account group.

B. State Teachers Retirement System

The District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information for STRS. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

Plan members are required to contribute 9.3% of their annual covered salary and the District is required to contribute 14%; 9.5% was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. The District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2002, 2001, and 2000 were \$1,036,226, \$964,950, and \$920,177, respectively; 84% has been contributed for fiscal year 2002 and 100% for the fiscal years 2001 and 2000. \$168,762, which represents the unpaid contribution for fiscal year 2002, is recorded as a liability within the respective funds.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by SERS or STRS have an option to choose Social Security or SERS/STRS. As of June 30, 2002, three members of the Board of Education have elected Social Security. The Board's liability is 6.2% of wages paid.

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NOTE 15 - POSTEMPLOYMENT BENEFITS

The District provides comprehensive health care benefits to retired teachers and their dependents through STRS, and to retired non-certified employees and their dependents through SERS. Benefits include hospitalization, physicians' fees, prescription drugs, and partial reimbursement of monthly Medicare Part B premiums. Benefit provisions and the obligations to contribute are established by STRS and SERS based on authority granted by state statute. Both STRS and SERS are funded on a pay-as-you-go basis.

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14% of covered payroll. For this fiscal year, the State Teachers Retirement Board allocated employer contributions equal to 4.5% of covered payroll to the Health Care Reserve fund. For the District, this amount equaled \$333,073 during fiscal 2002.

STRS pays health care benefits from the Health Care Reserve fund. The balance in the Health Care Reserve fund was \$3.256 billion at June 30, 2001 (the latest information available). For the fiscal year ended June 30, 2001 (the latest information available), net health care costs paid by STRS were \$300.772 million and STRS had 102,132 eligible benefit recipients.

For SERS, coverage is made available to service retirees with 10 or more years of qualifying service credit, and disability and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than 25 years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75% of the premium.

For this fiscal year, employer contributions to fund health care benefits were 8.54% of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2002, the minimum pay has been established at \$12,400. The surcharge, added to the unallocated portion of the 14% employer contribution rate, provides for maintenance of the asset target level for the health care fund.

The target level for the health care reserve is 150% of annual health care expenses. Expenses for health care at June 30, 2001 (the latest information available), were \$161.440 million and the target level was \$242.2 million. At June 30, 2001 (the latest information available), SERS had net assets available for payment of health care benefits of \$315.7 million and SERS had approximately 50,000 participants receiving health care benefits. For the District, the amount to fund health care benefits, including surcharge, equaled \$210,537 during the 2002 fiscal year.

NOTE 16 - BUDGETARY BASIS OF ACCOUNTING

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

The Combined Statement of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual - All Governmental Fund Types 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:

**CLYDE-GREEN SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
SANDUSKY COUNTY**

NOTES TO GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002
(Continued)

- a. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- b. Expenditures 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, encumbrances are recorded as the equivalent of an expenditure (budget basis) as opposed to a reservation of fund balance for Governmental funds (GAAP basis).

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis for the Governmental funds are as follows:

	Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses			
	Governmental Fund Types			
	General Fund	Special Revenue Funds	Debt Service Fund	Capital Projects Fund
Budget basis	(\$470,378)	(\$77,361)	\$32,660	(\$70,841)
Net adjustment for revenue accruals	472,911	149,735	21,394	16,691
Net adjustment for expenditure accruals	(233,743)	24	20,289	1,980
Net adjustment for other financing sources/(use)	96,636	(73,306)		97,810
Adjustment for encumbrances	395,229	90,297		55,802
GAAP basis	<u>\$260,655</u>	<u>\$89,389</u>	<u>\$74,343</u>	<u>\$101,442</u>

NOTE 17 - CONTINGENCIES

A. 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 is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the District at June 30, 2002.

B. Litigation

The District is not party to any legal proceedings that would have a material effect on the financial condition of the District.

**CLYDE-GREEN SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
SANDUSKY COUNTY**

NOTES TO GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002
(Continued)

C. School Funding Decision

On September 6, 2001, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision identified aspects of the current plan that require modification if the plan is to be considered constitutional, including:

- A change in the school districts that are used as the basis for determining the base cost support amount. Any change in the amount of funds distributed to school districts as a result of this change must be retroactive to July 1, 2001, although a timeline for distribution is not specified.
- Fully funding parity aid no later than the beginning of fiscal year 2004 rather than fiscal year 2006.

The Supreme Court relinquished jurisdiction over the case based on anticipated compliance with its order.

The State of Ohio, in a motion filed September 17, 2001, asked the Court to reconsider and clarify the parts of the decision changing the school districts that are used as the basis for determining the base cost support amount and the requirement that changes be made retroactive to July 1, 2001. In November, 2001, the Court granted the request for reconsideration, but also ordered the parties to participate in a settlement conference with a court appointed mediator. On March 21, 2002, the mediator issued his final report indicating that the conference was unable to produce a settlement. The case is now under reconsideration by the Court.

The District is currently unable to determine what effect, if any, this decision will have on its future State funding and on its financial operations.

NOTE 18 - STATUTORY RESERVES

The District is required by state law to set aside certain (cash basis) general fund revenue amounts as defined by statute, into various reserves. During the fiscal year ended June 30, 2002, the reserve activity was as follows:

	<u>Textbook Reserves</u>	<u>Capital Acquisition</u>	<u>Budget Stabilization</u>
Set-aside balance, July 1, 2001	(\$228,247)		\$67,853
Required set-aside	299,336	\$299,336	
Qualifying Expenditures	<u>(479,905)</u>	<u>(1,073,648)</u>	
Set-aside balance, June 30, 2002	<u>(\$408,816)</u>	<u>(\$774,312)</u>	<u>\$67,853</u>
Cash balance carried forward to FY 03			<u>\$67,853</u>

Budget stabilization amounts represent Bureau of Workers' Compensation (BWC) refunds that were received prior to April 10, 2001, and are shown as a restricted asset and reserved fund balance in the general fund since allowable expenditures are restricted by state statute. Monies set-aside by the School Board for budget stabilization are reported as a designation of fund balance in the general fund. The balance in the budget stabilization designation at June 30, 2002, was \$427,426. The District is still required by state law to maintain the textbook reserve and the capital acquisition reserve.

**CLYDE-GREEN SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
SANDUSKY COUNTY**

**NOTES TO GENERAL-PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002
(Continued)**

Although the District had offsets and qualifying disbursements during the year that reduced the set-aside amounts below zero for the capital acquisition reserve, this extra amount may not be used to reduce the set-aside requirement for future years. The negative amount is therefore not presented as being carried forward to the next fiscal year.

In addition to the statutory reserves, the District also reports restricted assets for monies legally restricted for school bus purchases.

Restricted assets at June 30, 2002 consist of amounts reserved for budget stabilization in the amount of \$67,853 and school bus purchases in the amount of \$23,911.

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**CLYDE-GREEN SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
SANDUSKY COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2002**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Federal CFDA Number	Grant Number
UNITED STATES DEPARTMENT OF AGRICULTURE		
<i>Passed through the Ohio Department of Education</i>		
<i>Nutrition Cluster:</i>		
Food Distribution	10.550	
National School Lunch	10.555	045302LLP1-01 045302LLP4-01 045392LLP4-02
Total - National School Lunch		
Total Department of Agriculture - Nutrition Cluster		
UNITED STATES DEPARTMENT OF JOBS & FAMILY SERVICES		
<i>Passed through the Ohio Department of Mental Retardation and Developmental Disabilities</i>		
Medical Assistant Program	93.778	
Total Department of Jobs and Family Services		
UNITED STATES DEPARTMENT OF EDUCATION		
<i>Passed through the Ohio Department of Education</i>		
Handicapped Preschool and School Programs, Title VI-B	84.027	6B-SF-01 P 6B-SF-02 P
Total - Special Education		
Title I - Grant to Local Education Agencies	84.010	C1-S1-01 C1-S1-02
Total - Chapter 1 / Title I		
Innovative Educational Program Strategy	84.298	C2-S1-01 C2-S1-02 C2-S1-00
Total - Innovative Educational Program		
Eisenhower Professional Development	84.281	MS-S1-02 MS-S1-00 MS-S1-01
Total - Eisenhower Professional Development		
Drug Free Schools	84.186	DR-S1-01 DR-S1-02 DR-S1-00
Total Drug Free Schools		
Class Size Reduction	84.340	CR-S1-00 CR-S1-01 CR-S1-02
Total - Class Size Reduction		
Total Department of Education		
TOTAL FEDERAL ASSISTANCE		

The accompanying notes are an integral part of this schedule.

<u>Receipts</u>	<u>Non-Cash Receipts</u>	<u>Disbursements</u>	<u>Non-Cash Disbursements</u>
	\$58,632		\$51,530
\$15,994		\$15,994	
25,274		25,274	
119,324		119,324	
<u>160,592</u>		<u>160,592</u>	
<u>160,592</u>	<u>58,632</u>	<u>160,592</u>	<u>51,530</u>
4,309		4,309	
<u>4,309</u>		<u>4,309</u>	
61,448		18,313	
53,893		171,151	
<u>115,341</u>		<u>189,464</u>	
18,454		25,788	
119,995		115,325	
<u>138,449</u>		<u>141,113</u>	
3,589		4,770	
7,616		4,105	
		3,684	
<u>11,205</u>		<u>12,559</u>	
9,852		326	
		2,562	
		1,736	
<u>9,852</u>		<u>4,624</u>	
6,609		8,151	
4,765		3,252	
		537	
<u>11,374</u>		<u>11,940</u>	
1,592		8,840	
23,548		28,290	
15,128		50	
<u>40,268</u>		<u>37,180</u>	
326,489		396,880	
<u>\$491,390</u>	<u>\$58,632</u>	<u>\$561,781</u>	<u>\$51,530</u>

**CLYDE-GREEN SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
SANDUSKY COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
JUNE 30, 2002**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - FOOD DISTRIBUTION

Non-monetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2002, the District had no significant food commodities in inventory.

NOTE C - 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.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

One Government Center
Suite 1420
Toledo, Ohio 43604-2246
Telephone 419-245-2811
800-443-9276
Facsimile 419-245-2484
www.auditor.state.oh.us

**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON INTERNAL CONTROL
REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Clyde-Green Springs Exempted Village School District
Sandusky County
106 South Main Street
Clyde, Ohio 43410-1695

To the Board of Education:

We have audited the financial statements of Clyde-Green Springs Exempted Village District (the District) as of and for the year ended June 30, 2002, and have issued our report thereon dated December 5, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated December 5, 2002.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings as item 2002-10172-001.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is not a material weakness. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated December 5, 2002.

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

A handwritten signature in black ink, appearing to read "Jim Petro", with a large, stylized flourish at the end.

Jim Petro
Auditor of State

December 5, 2002



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

One Government Center
Suite 1420
Toledo, Ohio 43604-2246
Telephone 419-245-2811
800-443-9276
Facsimile 419-245-2484
www.auditor.state.oh.us

**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO MAJOR FEDERAL PROGRAMS AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Clyde-Green Springs Exempted Village School District
Sandusky County
106 South Main Street
Clyde, Ohio 43410-1695

To the Board of Education:

Compliance

We have audited the compliance of Clyde-Green Springs Exempted Village School District with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2002. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with 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 obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2002.

Internal Control Over Compliance

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

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses. We noted a matter involving the internal control over federal compliance that does not require inclusion in this report, that we have reported to management of the District in a separate letter dated December 5, 2002.

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

A handwritten signature in black ink, appearing to read "Jim Petro", with a large, stylized flourish at the end.

Jim Petro
Auditor of State

December 5, 2002

**CLYDE-GREEN SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
SANDUSKY COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2002**

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 weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	Yes
<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 weakness conditions reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other reportable internal control weakness conditions 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):	Nutrition Cluster: CFDA #10.550 and 10.555
<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

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

FINDING NUMBER 2002-10172-001

Reportable Condition

The Student Activities procedures of the District included the following weaknesses:

- Sixty one percent of the student activity files tested did not have the fund raising request form filed with the treasurer for fiscal year 2002. This form is designed to describe the individual fund raising activity the student activity is requesting to conduct. Also, fifteen percent of the fund raising request forms were not approved by the Superintendent.
- Eight percent of the budget and purpose statements filed with the Treasurer were not approved by the Superintendent. The form is designed to assist with planning the amount of revenue the fund raising activities will generate and to estimate expenditures for the school year.

**FINDING NUMBER 2002-10172-001
(Continued)**

- Seventy seven percent of the student activity files tested did not file a fund raising reports with the Treasurer's office. This form is designed to report the cost of items purchased for resale and the amounts received from the sale.
- Student activity events sponsored by the Drama Club, Student Council and Choir did not use tickets to document admissions to plays, dances and concerts. Tickets provide accountability of admissions to events.

Lack of the aforementioned controls could result in unauthorized activities being planned and asset loss not being detected in a timely manner. To improve controls over student activity revenues, we recommend the following:

- Fund raising request forms should be obtained from each activity advisor prior to the start of the fund raiser. The advisor should be contacted for each activity for which the advisor does not submit a statement.
- Budget and purpose statements should be obtained from each student activity advisor. The advisor should be contacted for each activity for which the advisor does not submit a statement.
- Fund raising reports should be required for each fund raising activity. The reports should include information regarding sales made at less than the planned charges, returned or damaged items, a comparison of sales to cost of goods sold, and the status of monies for which students still owe.
- Tickets should be used for student activity admissions.

**CLYDE-GREEN SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
SANDUSKY COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2002**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid
2001-10172-001	ORC § 5705.10 Negative fund balances	No	Partially corrected. Reported in the management letter.
2001-10172- 002	ORC § 5705.41(D) Funds were not certified before expenditures were made.	Yes	Corrected
2001-10172-003	Student Activity Budget and Purpose Statements	No	No evidence of corrective action taken. Repeated as finding 2002-10172-001



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

CLYDE-GREEN SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT

SANDUSKY COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JANUARY 2, 2003**