



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

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2009



Mary Taylor, CPA
Auditor of State

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

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Clyde-Green Springs Exempted Village School District
Sandusky County
106 South Main Street
Clyde, Ohio 43410-1633

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Clyde-Green Springs Exempted Village School District, Sandusky County, Ohio (the District), as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Clyde-Green Springs Exempted Village School District, Sandusky County, Ohio, as of June 30, 2009, and the respective changes in financial position thereof and the budgetary comparison for the General fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 19, 2010, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements. The federal awards receipt and expenditure schedule is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. We subjected the federal awards receipt and expenditure schedule to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

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

Mary Taylor, CPA
Auditor of State

February 19, 2010

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

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

The management's discussion and analysis of the Clyde-Green Springs Exempted Village School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2009. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2009 are as follows:

- In total, net assets of governmental activities increased \$36,716,876, from \$7,656,370 in fiscal year 2008 to \$44,373,246 in fiscal year 2009. The large increase is due to revenues received from the Ohio School Facilities Commission Grant for the District's construction project.
- General revenues accounted for \$56,000,972 in revenue or 93.35% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$3,991,126 or 6.65% of total revenues of \$59,992,098.
- The District had \$23,275,222 in expenses related to governmental activities; only \$3,991,126 of these expenses was offset by program revenues supporting governmental activities (primarily capital grants and contribution) general revenues (primarily taxes and unrestricted grants and entitlements) of \$56,000,972 were adequate to provide for these programs.
- The District's major governmental funds are the general fund and the classroom facilities fund. The general fund had \$18,748,109 in revenues and other financing sources and \$19,425,939 in expenditures and other financing uses. During fiscal year 2009, the general fund's fund balance decreased \$683,358 from \$2,732,237 to \$2,048,879.
- The classroom facilities fund had \$18,397,248 in revenues and \$7,508,000 in expenditures. During fiscal year 2009, the classroom facilities fund's fund balance increased \$10,889,248 from \$19,175,715 to \$30,064,963.

Using these Basic Financial Statements

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

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

**CLYDE-GREEN SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
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MANAGEMENT'S DISCUSSION AND ANALYSIS
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(Continued)

Reporting the District as a Whole

Statement of Net Assets and the Statement of Activities

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

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

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

Reporting the District's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental funds are the General Fund and the Classroom Facilities Fund.

Governmental Funds

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

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for its scholarship programs. This activity is presented as a private-purpose trust fund. The District also acts in a trustee capacity as an agent for individuals or other

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

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

entities. These activities are reported in agency funds. These activities are excluded from the District's other financial statements because the assets cannot be utilized by the District to finance its operations.

Notes to the Basic Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements.

The District as a Whole

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

The table below provides a summary of the District's net assets for 2009 and 2008.

	Net Assets	
	Governmental Activities 2009	Governmental Activities 2008
<u>Assets</u>		
Current and other assets	\$ 66,909,914	\$ 33,365,803
Capital assets, net	<u>19,238,103</u>	<u>10,782,850</u>
Total assets	<u>86,148,017</u>	<u>44,148,653</u>
<u>Liabilities</u>		
Current liabilities	10,695,795	7,892,456
Long-term liabilities	<u>31,078,976</u>	<u>28,599,827</u>
Total liabilities	<u>41,774,771</u>	<u>36,492,283</u>
<u>Net assets</u>		
Invested in capital assets, net of related debt	13,485,999	5,889,165
Restricted	32,141,896	2,207,033
Unrestricted (deficit)	<u>(1,254,649)</u>	<u>(439,828)</u>
Total net assets	<u>\$ 44,373,246</u>	<u>\$ 7,656,370</u>

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2009, the District's assets exceeded liabilities by \$44,373,246 primarily due to the District obtaining a \$37,750,724 grant from the Ohio Schools Facilities Commission for construction and renovation of the District's school buildings.

At year-end, capital assets represented 22.33% of total assets. Capital assets include land, improvements other than buildings, buildings and improvements, furniture and equipment and vehicles. Capital assets, net of related debt to acquire the assets at June 30, 2009, were \$13,485,999. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that

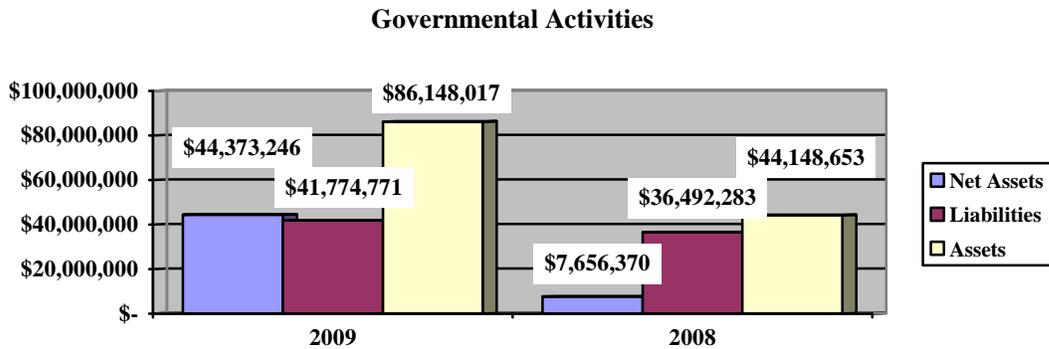
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SANDUSKY COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
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the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District's net assets, \$32,141,896, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets is a deficit of \$1,254,649.

The graph below shows the District's assets, liabilities and net assets as of June 30, 2009 and 2008.



The table below shows the change in net assets for fiscal years 2009 and 2008. Intergovernmental pass through expenditures for 2008 have been reclassified to pupil and operations and maintenance expenditures in order to conform to 2009 presentation.

Change in Net Assets

	Governmental Activities 2009	Governmental Activities 2008
Revenues		
Program revenues:		
Charges for services and sales	\$ 1,505,541	\$ 1,488,652
Operating grants and contributions	2,458,412	2,473,278
Capital grants and contributions	27,173	67,763
General revenues:		
Property taxes	6,546,233	7,657,710
Income taxes	485,116	
Payments in-lieu of taxes	215,904	334,713
Grants and entitlements	48,427,592	10,274,209
Investment earnings	131,945	203,982
Other	194,182	156,489
Total revenues	<u>\$ 59,992,098</u>	<u>\$ 22,656,796</u>

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SANDUSKY COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS
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Change in Net Assets - (Continued)

	Governmental Activities <u>2009</u>	Governmental Activities <u>2008</u>
<u>Expenses</u>		
Program expenses:		
Instruction:		
Regular	\$ 10,320,982	\$ 10,218,857
Special	2,677,138	2,430,417
Vocational	1,377	56,049
Other	587,932	607,149
Support services:		
Pupil	1,156,702	1,143,564
Instructional staff	529,119	541,360
Board of education	28,055	26,365
Administration	1,721,528	1,763,246
Fiscal	597,430	580,802
Business	8,807	7,546
Operations and maintenance	1,941,304	1,817,061
Pupil transportation	1,016,959	1,003,384
Central	100,240	26,661
Operation of non-instructional services:		
Other non-instructional services	30,445	11,624
Food service operations	936,092	951,175
Extracurricular activities	273,183	819,781
Interest and fiscal charges	<u>1,347,929</u>	<u>353,553</u>
Total expenses	<u>23,275,222</u>	<u>22,358,594</u>
Change in net assets	36,716,876	298,202
Net assets at beginning of year	<u>7,656,370</u>	<u>7,358,168</u>
Net assets at end of year	<u>\$ 44,373,246</u>	<u>\$ 7,656,370</u>

Governmental Activities

Net assets of the District's governmental activities increased \$36,716,876. Total governmental expenses of \$23,275,222 were offset by program revenues of \$3,991,126 and general revenues of \$56,000,972. Program revenues supported 17.1% of the total governmental expenses.

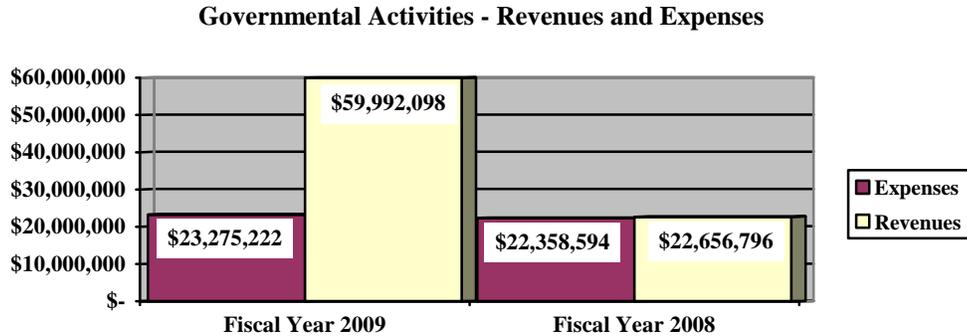
The primary source of revenue for governmental activities is derived from grants and entitlements not restricted to specific programs. This revenue source represents 80.72% of total governmental revenue.

The largest expense of the District is for instructional programs. Instruction expenses totaled \$13,587,429 or 58.38% of total governmental expenses for fiscal year 2009.

**CLYDE-GREEN SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
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MANAGEMENT'S DISCUSSION AND ANALYSIS
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The graph below presents the District's governmental activities revenue and expenses for fiscal year 2009 and 2008.



The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. The following table shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State grants and entitlements. Intergovernmental pass through expenditures for 2008 have been reclassified to pupil and operations and maintenance expenditures in order to conform to 2009 presentation.

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

	Governmental Activities			
	Total Cost of Services <u>2009</u>	Net Cost of Services <u>2009</u>	Total Cost of Services <u>2008</u>	Net Cost of Services <u>2008</u>
Program expenses				
Instruction:				
Regular	\$ 10,320,982	\$ 9,527,461	\$ 10,218,857	\$ 9,259,942
Special	2,677,138	1,217,552	2,430,417	883,482
Vocational	1,377	(1,806)	56,049	49,205
Other	587,932	587,932	607,149	603,553
Support services:				
Pupil	1,156,702	1,107,646	1,143,564	1,115,406
Instructional staff	529,119	514,675	541,360	523,412
Board of education	28,055	28,055	26,365	26,365
Administration	1,721,528	1,617,680	1,763,246	1,679,436
Fiscal	597,430	593,834	580,802	580,378
Business	8,807	8,807	7,546	7,546
Operations and maintenance	1,941,304	1,919,413	1,817,061	1,768,908
Pupil transportation	1,016,959	951,451	1,003,384	945,744
Central	100,240	43,121	26,661	26,661
Operation of non-instructional services:				
Other non-instructional services	30,445	46	11,624	(540)
Food service operations	936,092	(137,137)	951,175	13,836
Extracurricular activities	273,183	(42,563)	819,781	492,014
Interest and fiscal charges	1,347,929	1,347,929	353,553	353,553
Total expenses	<u>\$ 23,275,222</u>	<u>\$ 19,284,096</u>	<u>\$ 22,358,594</u>	<u>\$ 18,328,901</u>

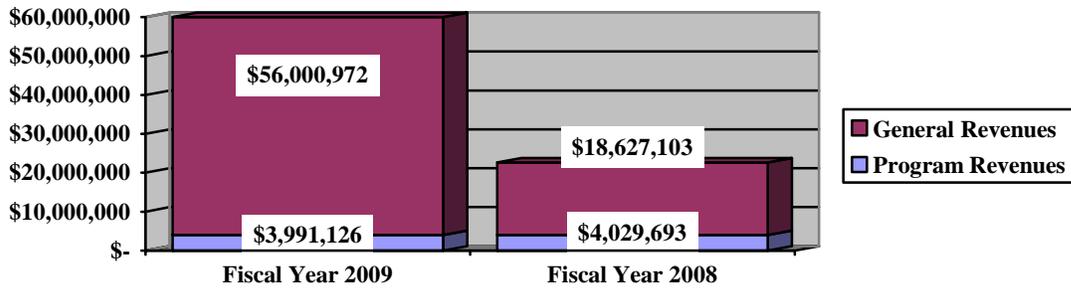
The dependence upon tax and other general revenues for governmental activities is apparent, 83.39% of instruction activities are supported through taxes and other general revenues. For all governmental activities, (except for classroom facilities acquisition and construction fund) general revenue support is 82.85%. The District's taxpayers and unrestricted grants and entitlements from the State of Ohio are the primary support for District's students.

The graph below presents the District's governmental activities revenue for fiscal year 2009 and 2008.

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

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

Governmental Activities - General and Program Revenues



The District's Funds

The District's governmental funds reported a combined fund balance of \$35,926,067, which is greater than last year's total of \$24,579,942. The large increase is due to the Ohio School Facilities Commission Grant proceeds received by the District during the fiscal year. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2009 and 2008.

	Fund Balance June 30, 2009	Fund Balance June 30, 2008	Increase (Decrease)
General	\$ 2,048,879	\$ 2,732,237	\$ (683,358)
Classroom facilities	30,064,963	19,175,715	10,889,248
Other governmental	<u>3,812,225</u>	<u>2,671,990</u>	<u>1,140,235</u>
Total	<u>\$ 35,926,067</u>	<u>\$ 24,579,942</u>	<u>\$ 11,346,125</u>

General Fund

The District's general fund balance decreased \$683,358. The decrease in fund balance can be attributed to several items related to decreased revenues and increased expenditures. Tax revenue decreased 8.44% which is primarily due to the phase out of tangible personal property taxes. Earnings on investment decreased due to lower interest rates during fiscal year 2009. Intergovernmental revenues increased due to the District receiving more money from the State for the personal property tax reimbursement and other grants and entitlements. Other revenues decreased due to the District receiving less money from local sources during the fiscal year. Expenditures for instructional programs and support services increased due to the increasing costs of wages and benefits for the District's staff. The higher cost of maintaining the District's facilities also contributed to the increase in support services expenditures. The general fund's debt service expenditures relate to payments made on the District's capital leases.

**CLYDE-GREEN SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
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MANAGEMENT'S DISCUSSION AND ANALYSIS
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(Continued)

	2009 <u>Amount</u>	2008 <u>Amount</u>	Increase <u>(Decrease)</u>	Percentage <u>Change</u>
<u>Revenues</u>				
Taxes	\$ 6,398,681	\$ 6,988,241	\$ (589,560)	(8.44) %
Tuition	530,654	542,123	(11,469)	(2.12) %
Earnings on investments	93,121	171,531	(78,410)	(45.71) %
Intergovernmental	11,338,835	10,855,784	483,051	4.45 %
Other revenues	386,166	472,112	(85,946)	(18.20) %
Sale of Capital Assets	652		652	100.00 %
Total	<u>\$ 18,748,109</u>	<u>\$ 19,029,791</u>	<u>\$ (281,682)</u>	(1.48) %
<u>Expenditures</u>				
Instruction	\$ 12,126,778	\$ 11,436,159	690,619	6.04 %
Support services	6,641,894	6,396,953	244,941	3.83 %
Extracurricular activities	454,500	438,354	16,146	3.68 %
Facilities acquisition and construction	2,341	2,530	(189)	(7.47) %
Debt service	85,426	67,928	17,498	25.76 %
Transfer Out	115,000		115,000	100.00 %
Total	<u>\$ 19,425,939</u>	<u>\$ 18,341,924</u>	<u>\$ 1,084,015</u>	5.91 %

Classroom Facilities Fund

The classroom facilities fund had \$18,397,248 in revenues and \$7,508,000 in expenditures. During fiscal year 2009, the classroom facilities fund's fund balance increased \$10,889,248 from \$19,175,715 to \$30,064,963.

General Fund Budgeting Highlights

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

During the course of fiscal year 2009, the District amended its general fund budget numerous times. For the general fund, final budgeted revenues and other financing sources were \$18,724,335, which was lower than the original budgeted revenues estimate of \$18,749,650. Actual revenues and other financing sources for fiscal year 2009 was \$18,724,335.

General fund original appropriations (appropriated expenditures including other financing uses) of \$19,785,723 were increased to \$19,867,009 in the final budget. The actual budget basis expenditures and other financing uses for fiscal year 2009 totaled \$19,478,776, which was \$388,233 less than the final budget appropriations.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
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Capital Assets and Debt Administration

Capital Assets

At the end of fiscal 2009, the District had \$19,238,103 invested in land, construction in progress, improvements other than buildings, buildings and improvements, furniture and equipment and vehicles. This entire amount is reported in governmental activities. The following table shows fiscal 2009 balances compared to 2008:

**Capital Assets at June 30
(Net of Depreciation)**

	Governmental Activities	
	2009	2008
Land	\$ 876,301	\$ 423,960
Improvements other than buildings	508,521	545,414
Building and improvements	8,383,908	8,751,042
Furniture and equipment	1,350,738	939,710
Vehicles	495,091	122,724
Construction in progress	7,623,544	
Total	<u>\$ 19,238,103</u>	<u>\$ 10,782,850</u>

The overall increase in capital assets of \$8,455,253 is due to capital outlays of \$9,217,093 exceeding depreciation expense of \$757,296 and capital asset disposals, net of accumulated depreciation, of 4,544 in the fiscal year.

Debt Administration

At June 30, 2009, the District had \$28,323,809 in general obligation bonds, capital lease obligations and lease purchase obligations outstanding. Of this total, \$859,059 is due within one year and \$27,464,750 is due in greater than one year. The following table summarizes the debt outstanding.

Outstanding Debt, at Year End

	Governmental Activities	Governmental Activities
	2009	2008
General obligation bonds	\$ 25,550,487	\$ 25,697,019
Capital lease obligation	66,123	129,028
Lease purchase obligations	2,707,199	
Total	<u>\$ 28,323,809</u>	<u>\$ 25,826,047</u>

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
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Current Financial Related Activities

The District strives to maintain the highest standards of service to our students, parents and community. This has been accomplished despite the financial challenges the local, state and national economy place on it.

Whirlpool Corporation is the largest employer in the area and in November, 2008 announced the layoff of approximately 250 employees. The manufacturing facility is still estimated to employ approximately 3,150 workers in Clyde. The general world economic downturn and decrease in new housing construction has negatively impacted their operations. Whirlpool has announced they are adding a line of front loading washing machines to their plant in Clyde and installing new energy efficient automatic washer platforms for both the front and top loading lines, which will go online in 2010. They are investing \$175 million and will add approximately 90 – 100 jobs.

Declining enrollments continue to be a concern for the District and are continually monitored closely. Additional housing opportunities in the District should help to offset some of this decline. The school facilities building program may also have a positive impact on enrollment.

The District closely monitors its revenues and expenditures in accordance with its financial forecast. Recent reductions in state funding as well as the loss of tax revenue from business inventories and personal property tax reimbursements from the State have played a part in the deficit spending the District had experienced prior to the passage of additional funding in August 2005. The District has passed two renewal levies in 2006 and 2007 which gave the District financial stability for several years. The District is once again facing deficit spending in fiscal year 2010 and beyond and is addressing this concern.

The District has qualified for a building program through the Ohio School Facilities Commission. The \$56 million project is currently under construction with completion scheduled for fall, 2010. The project was financed by a District income tax which took effect January 1, 2009. This project will address the facilities needs of the District for the next 50 years by building two new school buildings, renovating two buildings and demolishing three existing school buildings.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Mr. Alan W. Binger, Treasurer, Clyde-Green Springs EVSD, 106 South Main Street, Clyde, Ohio 43410-1633.

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

STATEMENT OF NET ASSETS
JUNE 30, 2009

	<u>Governmental Activities</u>
Assets:	
Equity in pooled cash and cash equivalents. . .	\$ 19,486,078
Investments	19,847,783
Receivables:	
Taxes	7,675,999
Accounts	485
Accrued interest	34,159
Intergovernmental	19,424,393
Prepayments	26,452
Materials and supplies inventory	33,351
Unamortized issuance costs.	381,214
Capital assets:	
Land	876,301
Construction in progress	7,623,544
Depreciable capital assets, net	10,738,258
Capital assets, net.	<u>19,238,103</u>
 Total assets	 <u>86,148,017</u>
 Liabilities:	
Accounts payable.	51,207
Contracts payable	2,313,956
Retainage payable	42,988
Accrued wages and benefits	1,713,535
Pension obligation payable.	472,826
Intergovernmental payable	89,925
Accrued interest payable	112,007
Unearned revenue.	5,899,351
Long-term liabilities:	
Due within one year.	1,059,798
Due in more than one year	<u>30,019,178</u>
 Total liabilities	 <u>41,774,771</u>
 Net assets:	
Invested in capital assets, net of related debt.	13,485,999
Restricted for:	
Capital projects	30,347,399
Classroom facilities maintenance	164,013
Debt service.	1,109,066
State funded programs	8,566
Federally funded programs	2,737
Student activities	52,745
Other purposes	457,370
Unrestricted (deficit)	<u>(1,254,649)</u>
 Total net assets	 <u>\$ 44,373,246</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

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

	Expenses	Program Revenues			Net (Expense)
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Assets
					Governmental Activities
Governmental activities:					
Instruction:					
Regular	\$ 10,320,982	\$ 589,473	\$ 203,581	\$ 467	\$ (9,527,461)
Special	2,677,138		1,459,586		(1,217,552)
Vocational	1,377		3,183		1,806
Other	587,932				(587,932)
Support services:					
Pupil	1,156,702		49,056		(1,107,646)
Instructional staff	529,119	863	13,581		(514,675)
Board of education	28,055				(28,055)
Administration	1,721,528	12,126	91,722		(1,617,680)
Fiscal	597,430		3,596		(593,834)
Business	8,807				(8,807)
Operations and maintenance	1,941,304	2,197	19,694		(1,919,413)
Pupil transportation	1,016,959		38,802	26,706	(951,451)
Central	100,240		57,119		(43,121)
Operation of non-instructional services:					
Other non-instructional services	30,445		30,399		(46)
Food service operations	936,092	589,338	483,891		137,137
Extracurricular activities	273,183	311,544	4,202		42,563
Interest and fiscal charges	1,347,929				(1,347,929)
Total governmental activities	\$ 23,275,222	\$ 1,505,541	\$ 2,458,412	\$ 27,173	(19,284,096)

General revenues:

Property taxes levied for:	
General purposes	5,979,101
Debt service	397,782
Capital projects	169,350
School district income tax	485,116
Payments in-lieu of taxes	215,904
Grants and entitlements not restricted	
to specific programs	48,427,592
Investment earnings	131,945
Miscellaneous	194,182
Total general revenues	56,000,972
Change in net assets	36,716,876
Net assets at beginning of year	7,656,370
Net assets at end of year	\$ 44,373,246

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2009

	<u>General</u>	<u>Classroom Facilities</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:				
Equity in pooled cash and cash equivalents . . .	\$ 3,011,328	\$ 12,561,115	\$ 3,867,286	\$ 19,439,729
Investments		19,847,783		19,847,783
Receivables:				
Taxes	7,011,211		664,788	7,675,999
Accounts	457		28	485
Accrued interest	17,741	16,418		34,159
Intergovernmental	37,844	19,360,680	25,869	19,424,393
Prepayments	26,452			26,452
Materials and supplies inventory	28,589		4,762	33,351
Restricted assets:				
Equity in pooled cash and cash equivalents	46,349			46,349
Total assets	<u>\$ 10,179,971</u>	<u>\$ 51,785,996</u>	<u>\$ 4,562,733</u>	<u>\$ 66,528,700</u>
Liabilities:				
Accounts payable	\$ 34,640		\$ 16,567	\$ 51,207
Contracts payable		\$ 2,313,281	675	2,313,956
Retainage payable		42,988		42,988
Accrued wages and benefits	1,614,645		98,890	1,713,535
Compensated absences payable	103,061			103,061
Pension obligation payable	429,275		43,551	472,826
Intergovernmental payable	86,493		3,432	89,925
Deferred revenue	497,801	19,364,764	53,219	19,915,784
Unearned revenue	5,365,177		534,174	5,899,351
Total liabilities	<u>8,131,092</u>	<u>21,721,033</u>	<u>750,508</u>	<u>30,602,633</u>
Fund balances:				
Reserved for encumbrances	97,487	33,479,372	98,924	33,675,783
Reserved for materials and supplies inventory	28,589		4,762	33,351
Reserved for property tax unavailable for appropriation	833,306		82,967	916,273
Reserved for prepayments	26,452			26,452
Reserved for school bus purchases	46,349			46,349
Unreserved:				
Designated for budget stabilization	972,375			972,375
Undesignated (deficit) reported in:				
General fund	44,321			44,321
Special revenue funds			600,219	600,219
Debt service fund			1,106,905	1,106,905
Capital projects funds		(3,414,409)	1,918,448	(1,495,961)
Total fund balances	<u>2,048,879</u>	<u>30,064,963</u>	<u>3,812,225</u>	<u>35,926,067</u>
Total liabilities and fund balances	<u>\$ 10,179,971</u>	<u>\$ 51,785,996</u>	<u>\$ 4,562,733</u>	<u>\$ 66,528,700</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

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

Total governmental fund balances		\$	35,926,067
<i>Amounts reported for governmental activities on the statement of net assets are different because:</i>			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			19,238,103
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.			
Taxes receivable	\$	517,323	
Accrued interest receivable		9,780	
Intergovernmental receivable		19,388,681	
Total			19,915,784
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.			(112,007)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
General obligation bonds		25,550,487	
Lease purchase obligation		2,707,199	
Capital lease obligation		66,123	
Compensated absences payable		1,705,913	
Total			(30,029,722)
Unamortized premiums on bonds and leases are not recognized in the funds.			(1,144,233)
Unamortized deferred amount on advance refunding is not recognized in the funds.			198,040
Unamortized issuance costs are not recognized in the funds.			381,214
Net assets of governmental activities		\$	44,373,246

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

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

	General	Classroom Facilities	Other Governmental Funds	Total Governmental Funds
Revenues:				
From local sources:				
Taxes	\$ 6,398,681		\$ 559,228	\$ 6,957,909
Tuition	530,654			530,654
Earnings on investments	93,121	\$ 532,051	48,114	673,286
Extracurricular	18,670		261,960	280,630
Charges for services			631,855	631,855
Classroom materials and fees	58,819		312	59,131
Other local revenues	308,677	3,400	97,607	409,684
Intergovernmental - State	11,338,835	17,861,797	435,674	29,636,306
Intergovernmental - Federal			1,453,149	1,453,149
Total revenue	<u>18,747,457</u>	<u>18,397,248</u>	<u>3,487,899</u>	<u>40,632,604</u>
Expenditures:				
Current:				
Instruction:				
Regular	9,597,583		203,550	9,801,133
Special	1,939,886		717,372	2,657,258
Vocational	1,377			1,377
Other	587,932			587,932
Support services:				
Pupil	1,092,486		48,740	1,141,226
Instructional staff	574,394		13,628	588,022
Board of education	28,055			28,055
Administration	1,616,074		194,551	1,810,625
Fiscal	575,883		18,354	594,237
Business	8,807			8,807
Operations and maintenance	1,794,008		24,572	1,818,580
Pupil transportation	909,066		468,470	1,377,536
Central	43,121		57,119	100,240
Operation of non-instructional services:				
Other non-instructional services			29,929	29,929
Food service operations			924,604	924,604
Extracurricular activities	454,500		316,831	771,331
Facilities acquisition and construction	2,341	7,508,000	663,902	8,174,243
Debt service:				
Principal retirement	80,403		369,196	449,599
Interest and fiscal charges	5,023		1,252,445	1,257,468
Lease purchase issuance costs			38,000	38,000
Total expenditures	<u>19,310,939</u>	<u>7,508,000</u>	<u>5,341,263</u>	<u>32,160,202</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(563,482)</u>	<u>10,889,248</u>	<u>(1,853,364)</u>	<u>8,472,402</u>
Other financing sources (uses):				
Transfers in			115,000	115,000
Transfers (out)	(115,000)			(115,000)
Sale of capital assets	652		11,090	11,742
Lease purchase agreements			2,828,893	2,828,893
Premium on lease purchase			38,252	38,252
Total other financing sources (uses)	<u>(114,348)</u>		<u>2,993,235</u>	<u>2,878,887</u>
Net change in fund balances	(677,830)	10,889,248	1,139,871	11,351,289
Fund balances at beginning of year	2,732,237	19,175,715	2,671,990	24,579,942
Increase (decrease) in reserve for inventory	(5,528)		364	(5,164)
Fund balances at end of year	\$ 2,048,879	\$ 30,064,963	\$ 3,812,225	\$ 35,926,067

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

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

Net change in fund balances - total governmental funds	\$	11,351,289
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their useful lives as depreciation expense.		
Capital outlay	\$ 9,217,093	
Depreciation expense	<u>(757,296)</u>	
Total		8,459,797
Governmental funds only report the gain from the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.		
Disposals	(138,701)	
Accumulated depreciation on disposals	<u>134,157</u>	
Total		(4,544)
Governmental funds report expenditures for inventory when purchased. However, in the statement of activities, they are reported as an expense when consumed.		
		(5,164)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Taxes	73,440	
Accrued interest	(8,459)	
Intergovernmental	<u>19,282,771</u>	
Total		19,347,752
Repayment of bond and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net assets.		
		449,599
Proceeds from lease purchase agreements are recognized as revenues in the governmental funds, however, in the statement of activities, they are not reported as revenues as they increase liabilities on the statement of net assets.		
		(2,828,893)
Premiums on lease purchase agreements are recognized as revenues in the governmental funds, however, they are amortized over the life of the issuance in the statement of activities.		
		(38,252)
Lease purchase issuance costs are recognized as expenditures in the governmental funds, however, they are amortized over the life of the issuance in the statement of activities.		
		38,000
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in additional interest being reported in the statement of activities.		
Decrease in accrued interest payable	13,474	
Accretion of interest on capital appreciation bonds	(118,468)	
Amortization of issuance costs	(20,402)	
Amortization of premiums	53,947	
Amortization of deferred amount on refunding	<u>(19,012)</u>	
Total		(90,461)
Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
		<u>37,753</u>
Change in net assets of governmental activities	\$	<u>36,716,876</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

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

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
From local sources:				
Taxes	\$ 6,335,273	\$ 6,326,719	\$ 6,326,719	
Tuition	531,371	530,654	530,654	
Earnings on investments.	86,763	86,646	86,646	
Extracurricular.	18,695	18,670	18,670	
Classroom materials and fees.	58,954	58,874	58,874	
Other local revenues.	312,823	312,401	312,401	
Intergovernmental - State	11,381,979	11,366,612	11,366,612	
Total revenue	<u>18,725,858</u>	<u>18,700,576</u>	<u>18,700,576</u>	
Expenditures:				
Current:				
Instruction:				
Regular	9,519,820	9,558,930	9,614,862	(55,932)
Special.	1,926,554	1,934,469	1,958,812	(24,343)
Vocational.	35,401	35,546	8,990	26,556
Other	541,302	543,526	596,822	(53,296)
Support services:				
Pupil.	1,141,519	1,146,209	1,122,641	23,568
Instructional staff	564,890	567,211	544,874	22,337
Board of education	33,671	33,809	28,647	5,162
Administration.	1,782,555	1,789,878	1,580,789	209,089
Fiscal	611,117	613,628	569,955	43,673
Business	9,340	9,378	8,779	599
Operations and maintenance.	1,898,821	1,906,622	1,847,649	58,973
Pupil transportation	1,075,065	1,079,482	987,598	91,884
Central.	70,777	71,068	45,895	25,173
Extracurricular activities.	460,362	462,253	445,122	17,131
Facilities acquisition and construction.			2,341	(2,341)
Total expenditures	<u>19,671,194</u>	<u>19,752,009</u>	<u>19,363,776</u>	<u>388,233</u>
Deficiency of revenues (under) expenditures.	<u>(945,336)</u>	<u>(1,051,433)</u>	<u>(663,200)</u>	<u>388,233</u>
Other financing sources (uses):				
Refund of prior year expenditure	1,254	1,252	1,252	
Transfers (out)	(114,529)	(115,000)	(115,000)	
Advances in.	21,885	21,855	21,855	
Sale of capital assets.	653	652	652	
Total other financing sources (uses)	<u>(90,737)</u>	<u>(91,241)</u>	<u>(91,241)</u>	
Net change in fund balance	(1,036,073)	(1,142,674)	(754,441)	388,233
Fund balance at beginning of year	3,419,783	3,419,783	3,419,783	
Prior year encumbrances appropriated	244,631	244,631	244,631	
Fund balance at end of year.	<u>\$ 2,628,341</u>	<u>\$ 2,521,740</u>	<u>\$ 2,909,973</u>	<u>\$ 388,233</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2009

	Private-Purpose Trust	
	Scholarship	Agency
Assets:		
Equity in pooled cash and investments	\$ 5,226	\$ 76,936
Total assets	5,226	76,936
Liabilities:		
Accounts payable		4,732
Due to students		72,204
Total liabilities		\$ 76,936
Net assets:		
Held in trust for scholarships	5,226	
Total net assets	\$ 5,226	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

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

	<u>Private-Purpose Trust</u>
	<u>Scholarship</u>
Additions:	
Interest	\$ 203
Deductions:	
Scholarships awarded	<u>200</u>
Change in net assets	3
Net assets at beginning of year	<u>5,223</u>
Net assets at end of year.	<u><u>\$ 5,226</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

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

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 Section 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 District.

The District currently operates three elementary schools, one middle school and one comprehensive high school. The District employs 102 non-certified and 162 certified (including administrative) full-time and part-time employees to provide services to approximately 2,229 students in grades K through 12 and various community groups, which ranks it 219th out of 922 public school districts and community schools 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, student transportation, food services, extracurricular activities and nonprogrammed services.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units". The reporting entity is composed of the primary government and component units. 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.

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

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

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

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

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

JOINTLY GOVERNED ORGANIZATIONS

Northern Ohio Educational Computer Association

The Northern Ohio Educational Computer Association (NOECA) is a jointly governed organization among forty-one 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 \$74,730 to NOECA in fiscal year 2009 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.

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

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

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

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 \$212,632 to the Bay Area Council during fiscal year 2009 for gas usage and related fees. Financial information can be obtained from the Treasurer at the North Point Educational Service Center, who serves as fiscal agent, 2900 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 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 District's with the exception of the Village of Green Springs and the portions of the District located in Pleasant and Adams Townships, Seneca County. The Library's Board of Trustees is appointed by the District's Board.

PUBLIC ENTITY RISK POOLS

Ohio Association of School Business Officials 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 Association of School Business Officials Workers' Compensation Group Rating Plan (the "Plan") was established through the Ohio Association of School Business Officials (OASBO) as a group purchasing pool.

The Executive Director of the OASBO, 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. The District paid \$1,480 for fiscal year 2009 in order to participate in the Plan.

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

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

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

The San-Ott School Employees Welfare Benefit Association (the "Association")

The District participates in a shared risk pool, with participants from Sandusky and Ottawa counties. The Association is governed by an assembly which consists of one representative from each participant (usually the superintendent or designee). The assembly exercises control over the operation of the consortium. All consortium revenues are generated from charges for services. Financial information can be obtained by writing to San-Ott Consortium, Shane Baumgardner, Treasurer of Danbury Local School District, at 9451 E. Harbor Road, Lakeside-Marblehead, Ohio 43440.

B. Fund Accounting

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

GOVERNMENTAL FUNDS

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

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

Classroom Facilities Fund - This fund is used to account for monies received and expended in connection with contracts entered into by the District and the Ohio Department of Education for the building and equipping of classroom facilities.

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

PROPRIETARY FUNDS

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

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

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

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

FIDUCIARY FUNDS

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

C. Basis of Presentation and Measurement Focus

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

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

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

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

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

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

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

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

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

D. Basis of Accounting

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

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

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 6). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

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

Property taxes for which there is an enforceable legal claim as of June 30, 2009, but which were levied to finance fiscal year 2010 operations, and other revenues received in advance of the fiscal year for which they are intended to finance, have been recorded as unearned revenue. Grants and entitlements received before the eligibility requirements are met and delinquent property taxes due at June 30, 2009 are recorded as deferred revenue.

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

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

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

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

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred. The entitlement value of donated commodities used during the year is reported in the fund financial statements as an expenditure with a like amount reported as intergovernmental revenue. Unused donated commodities are reported as intergovernmental revenue.

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

E. Budgets

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. The legal level of budgetary control has been established at the fund/special cost center/object level within the general fund and at the fund level for all other funds. Any budgetary modifications at these levels may only be made by resolution of the Board of Education.

Estimated Resources:

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

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

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

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

Appropriations:

Upon receipt from the County Auditor of a certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution is enacted by the Board of Education. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the District. The appropriation resolution, at the object level within each special cost center for the general fund and at the fund level for all other funds,

must be within the estimated resources as certified by the County Budget Commission and the total of expenditures may not exceed the appropriation totals at any level of control. Any revisions that alter the level of budgetary control must be approved by the Board of Education. The Board has authorized the Treasurer to allocate appropriations among functions and object level within all funds except the General Fund.

The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, all supplemental appropriations were legally enacted.

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

Lapsing of Appropriations:

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

F. Cash and Investments

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

During fiscal year 2009, investments were limited to U.S. savings bonds, certificates of deposit, federal agency securities, commercial paper, U.S. Government money market mutual funds and investments in the State Treasury Asset Reserve of Ohio (STAR Ohio). Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts, such as savings bonds and certificates of deposit, are reported at cost.

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

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

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

The District has invested funds in STAR Ohio during fiscal year 2009. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's shares price which is the price the investment could be sold for on June 30, 2009.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. The Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2009 amounted to \$93,121, which includes \$12,594 assigned from other District funds.

For presentation on the basic financial statements, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

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

G. Inventory

On government-wide and fund financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used.

On fund financial statements, inventories of governmental funds are selected at the lower of cost or market. For all funds, costs is determined on a first-in, first-out basis. The cost of inventory items is recorded as an expenditure in the governmental fund types when purchased, Inventories for governmental funds are accounted for using the purchase method on the fund financial and using the consumption method on the government-wide financial statements..

H. Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and deletions during the year. Donated capital assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of \$2,500. The District does not have any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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

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

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

All reported capital assets, except land and construction in progress, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>
Improvements other than buildings	15 - 40 years
Buildings and improvements	5 - 50 years
Furniture and equipment	5 - 20 years
Vehicles	5 - 15 years

I. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the governmental activities column on the statement of net assets. The District had no interfund balances at June 30, 2009.

J. Compensated Absences

The District reports compensated absences in accordance with the provisions of GASB No. 16, "Accounting for Compensated Absences". Vacation benefits are accrued as a liability as the benefits are earned if the employee's rights to receive compensation are attributable to services already rendered and it is probable that the District will compensate the employees for the benefits through paid time off or some other means. 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.

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

For governmental fund financial statements, compensated absences are recognized as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements.

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

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

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

K. Unamortized Issuance Costs/Premium and Discount/Accounting Gain or Loss

On government-wide financial statements, issuance costs are deferred and amortized over the term of the debt using the straight-line method, which approximates the effective interest method. Unamortized issuance costs are recorded as a separate line item on the statement of net assets.

Premiums are deferred and accreted over the term of the debt. Premiums are presented as an addition to the face amount of the debt.

For bond refundings resulting in the defeasance of the debt reported in the government-wide financial statements, the difference between the reacquisition price and the net carrying amount of the old debt is deferred and amortized as a component of interest expense. This accounting gain or loss is amortized over the remaining life of the old debt or the life of the new debt, whichever is shorter, and is presented as an addition to or reduction of the face amount of the new debt.

On the governmental fund financial statements, issuance costs and premiums are recognized in the current period. A reconciliation between the bonds face value and the amount reported on the statement of net assets is presented in Note 11 A.

L. Accrued Liabilities and Long-Term Obligations

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

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the funds. However, claims and judgments and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds, capital leases and lease purchase agreements are recognized as a liability on the fund financial statements when due.

M. Fund Balance Reserves/Designations

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

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

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

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

N. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The net assets restricted for other purposes represents monies restricted for food service, special trust, public school support and school bus purchases (See Note 18).

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

O. Prepayments

Certain payments to vendors reflect the costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. These items are reported as assets using the consumption method. A current asset for the prepaid amounts is recorded at the time of the purchase and the expenditure/expense is reported in the year in which services are consumed.

P. Estimates

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

Q. Restricted Assets

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. See Note 18 for additional information.

R. Interfund Activity

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

Interfund activity between governmental funds is eliminated in the statement of activities.

**CLYDE-GREEN SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)

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

S. Nonpublic Schools

Within the District boundaries, St. Mary's Elementary School is operated as a parochial school. Current State legislation provides funding to this school. These monies are received and disbursed on behalf of the school by the Treasurer of the District, as directed by the parochial school. This activity is reflected in a special revenue fund by the District for financial reporting purposes.

T. Other Local Revenue

The District has reported rental receipts, payments in lieu of taxes, and other miscellaneous local receipts as "other local revenue" on the statement of revenues, expenditures and changes in fund balances - all governmental funds and on the Statement of Revenues, Expenditures and Changes in Fund Balances Budget and Actual (Non-GAAP Budgetary Basis) - General Fund.

U. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2009.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2009, the District has implemented GASB Statement No. 49, "Accounting and Financial Reporting for Pollution Remediation Obligations", GASB Statement No. 52, "Land and Other Real Estate Held as Investments by Endowments", GASB Statement No. 55, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments", and GASB Statement No. 56 "Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards".

GASB Statement No. 49 addresses accounting and financial reporting standards for pollution remediation obligations, which are obligations to address the current or potential detrimental effects of existing pollution by participating in pollution remediation activities such as site assessments and cleanups. The implementation of GASB Statement No. 49 did not have an effect on the financial statements of the District.

GASB Statement No. 52 improves the quality of financial reporting by requiring endowments to report their land and other real estate investments at fair value, creating consistency in reporting among similar entities that exist to invest resources for the purpose of generating income. The implementation of GASB Statement No. 52 did not have an effect on the financial statements of the District.

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

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE (Continued)

GASB Statement No. 55 incorporates the hierarchy of generally accepted accounting principles (GAAP) for state and local governments into the GASB's authoritative literature. The implementation of GASB Statement No. 55 did not have an effect on the financial statements of the District.

GASB Statement No. 56 incorporates into the GASB's authoritative literature certain accounting and financial reporting guidance presented in the American Institute of Certified Public Accountants' (AICPA) Statements on Auditing Standards. The implementation of GASB Statement No. 56 did not have an effect on the financial statements of the District.

B. Deficit Fund Balances

Fund balances at June 30, 2009 included the following individual fund deficits:

<u>Nonmajor governmental funds</u>	<u>Deficit</u>
Alternative schools	\$ 5,717
IDEA-part B grants	5,240
Title I	17,382
Improving teacher quality	5,475

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

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

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

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

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in items (1) and (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

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

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

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

A. Cash on Hand

At fiscal year end, the District had \$102 in undeposited cash on hand which is included on the financial statements of the District as part of "equity in pooled cash and cash equivalents."

B. Deposits with Financial Institutions

At June 30, 2009, the carrying amount of all District deposits was \$4,989,625. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2009, \$2,054,828 of the District's bank balance of \$5,886,221 was covered by the Federal Deposit Insurance Corporation, and \$3,831,393 was exposed to custodial credit risk as discussed below.

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

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

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

C. Investments

As of June 30, 2009, the District had the following investments and maturities:

Investment type	Fair Value	Investment Maturities			
		6 months or less	7 to 12 months	13 to 18 months	19 to 24 months
FNMA	\$ 1,530,444			\$ 1,530,444	
FFCB	207,750				\$ 207,750
FHLB	1,813,421		\$ 1,813,421		
FHLMC	7,290,442			4,214,643	3,075,799
FHLB discount notes	6,974,154	\$ 2,988,554	3,985,600		
FHLMC discount notes	1,061,894	1,061,894			
Commercial paper	1,177,428	1,177,428			
U.S. government money market mutual funds	1,805,922	1,805,922			
U.S. savings bonds	5,000	5,000			
STAR Ohio	12,559,841	12,559,841			
Total	\$ 34,426,296	\$ 19,598,639	\$ 5,799,021	\$ 5,745,087	\$ 3,283,549

The weighted average maturity of investments is 0.53 years.

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

Credit Risk: STAR Ohio and U.S. Government money market mutual funds carry a rating of AAAM by Standard & Poor's. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard service rating. The District's investments in federal agency securities and commercial paper were rated AAA and Aaa by Standard & Poor's and Moody's Investor Services, respectively. The District's investment policy does not specifically address credit risk beyond requiring the District to only invest in securities authorized by State statute.

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

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

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

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

Concentration of Credit Risk: The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2009:

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
FNMA	\$ 1,530,444	4.45
FFCB	207,750	0.60
FHLB	1,813,421	5.27
FHLMC	7,290,442	21.18
FHLB discount notes	6,974,154	20.26
FHLMC discount notes	1,061,894	3.08
Commercial paper	1,177,428	3.42
U.S. government money		
market mutual funds	1,805,922	5.25
U.S. savings bonds	5,000	0.01
STAR Ohio	12,559,841	36.48
	<u>\$ 34,426,296</u>	<u>100.00</u>

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

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net assets as of June 30, 2009:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 4,989,625
Investments	34,426,296
Cash on hand	<u>102</u>
Total	<u>\$ 39,416,023</u>

<u>Cash and investments per statement of net assets</u>	
Governmental activities	\$ 39,333,861
Private-purpose trust fund	5,226
Agency funds	<u>76,936</u>
Total	<u>\$ 39,416,023</u>

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

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

NOTE 5 - INTERFUND TRANSACTIONS

Interfund transfers for the year ended June 30, 2009 consisted of the following as reported on the fund financial statements:

<u>Transfers from general fund to:</u>	<u>Amount</u>
Nonmajor governmental funds	\$ 115,000

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

NOTE 6 - PROPERTY TAXES

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

Property taxes include amounts levied against all real property, public utility property, and tangible personal (used in business) property located in the District. Real property tax revenues received in calendar year 2009 represent the collection of calendar year 2008 taxes. Real property taxes received in calendar year 2009 were levied after April 1, 2008, on the assessed values as of January 1, 2008, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2009 represent the collection of calendar year 2008 taxes. Public utility real and tangible personal property taxes received in calendar year 2009 became a lien on December 31, 2007, were levied after April 1, 2008, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax revenues received in calendar year 2009 (other than public utility property) represent the collection of calendar year 2009 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. The October 2008 tangible personal property tax settlement was the last property tax settlement for general personal property taxes. Tangible personal property taxes received from telephone companies in calendar year 2009 were levied after October 1, 2008, on the value as of December 31, 2008. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September

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

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

NOTE 6 - PROPERTY TAXES - (Continued)

20. Tangible personal property taxes paid by April 30 are usually received by the District prior to June 30.

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies and railroads. The tax on general business and railroad property will be eliminated by calendar year 2009, and the tax on telephone and telecommunications property will be eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces the revenue lost by the District due to the phasing out of the tax. In calendar years 2007-2010, the District will be fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out.

The District receives property taxes from Sandusky County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2009, are available to finance fiscal year 2009 operations. The amount available as an advance at June 30, 2009 was \$833,306 in the general fund, \$58,774, in the bond retirement debt service fund (a nonmajor governmental fund) and \$24,193 in the permanent improvement fund (a nonmajor governmental fund). This amount is recorded as revenue. The amount available for advance at June 30, 2008 was \$1,103,592 in the general fund, \$67,510 in the bond retirement debt service fund (a nonmajor governmental fund) and \$38,609 in the permanent improvement fund (a nonmajor governmental fund). The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2009 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to unearned revenue.

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

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

NOTE 6 - PROPERTY TAXES - (Continued)

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

	2008 Second Half Collections		2009 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 199,657,560	92.47	\$ 203,267,380	97.81
Public utility personal	5,020,940	2.33	4,547,520	2.19
Tangible personal property	11,242,340	5.20		
	<hr/>		<hr/>	
Total	<u>\$ 215,920,840</u>	<u>100.00</u>	<u>\$207,814,900</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation for:				
Operations	\$49.25		\$48.00	
Permanent improvements	1.50		1.50	

NOTE 7 - INCOME TAX

On March 4, 2008, the District's voters approved a one percent earned income tax on individuals residing within the District. The tax became effective on January 1, 2009 and is a continuing tax. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the District after withholding amounts for administrative fees and estimated refunds. The primary use of the income tax revenues is to provide payment for the construction bonds - series 2008 (See Note 11). The District income tax is credited to the general fund.

NOTE 8 - RECEIVABLES

Receivables at June 30, 2009 consisted of taxes, accounts (billings for user charged services and student fees), accrued interest, and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of federal funds. A summary of the principal items of receivables reported on the statement of net assets follows:

Governmental activities:	
Taxes	\$ 7,675,999
Accounts	485
Accrued interest	34,159
Intergovernmental	<u>19,424,393</u>
Total	<u>\$ 27,135,036</u>

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

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

NOTE 8 – RECEIVABLES – (Continued)

Receivables have been disaggregated on the face of the basic financial statements. All receivables, except \$19,360,680 due from the Ohio State School Facilities (OSFC) are expected to be collected within the subsequent year.

NOTE 9 - CAPITALIZED LEASES - LESSEE DISCLOSURE

A. In a prior fiscal year, the District entered into a capitalized lease agreement for the acquisition of copier 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 lease was 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 fund financial statements and as a reduction of the lease liability in the government-wide financial statements. These expenditures are reflected as program/function expenditures on a budgetary basis.

Capital assets acquired by lease have been capitalized in the statement of net assets in the amount of \$299,921, 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 statement of net assets. Accumulated depreciation as of June 30, 2009 was \$239,936, leaving a current book value of \$59,985. Principal and interest payments in the 2009 fiscal year totaled \$62,905 and \$5,023 respectively. These amounts are reflected as debt service expenditures in the general fund.

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2010	<u>\$ 67,928</u>
Total	67,928
Less: amount representing interest	<u>(1,805)</u>
Present value of minimum lease payments	<u>\$ 66,123</u>

B. Lease Purchase Obligations

On September 1, 2008, the District entered into a lease-purchase agreement with Capital One Public Funding, LLC for the purchase of land and construction and improvements to the land for the new middle school building. In conjunction with the lease-purchase agreement, the District entered into a ground-lease agreement whereby the District subleases the real property upon which the land improvements and construction are being made to Capital One Public Funding, LLC. The District is the lessor and Capital One Public Funding, LLC is the lessee under the ground-lease agreement. The sublease commenced on September 1, 2008 and terminates on December 31, 2019, or earlier upon the termination of the lease-purchase agreement or the District's exercise to take advantage of the purchase option.

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

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

NOTE 9 - CAPITALIZED LEASES - LESSEE DISCLOSURE - (Continued)

Also during fiscal year 2009, the District entered into a lease-purchase agreement with Blue Bird Financial Services for six new school buses. The source of revenue to fund the principal and interest payments for these leases is general operating revenue of the District.

Capital assets consisting of land, construction in progress and vehicles have been capitalized in the amount of \$452,341, \$29,851 and \$458,893, respectively. Accumulated depreciation on the vehicles as of June 30, 2009 was \$57,362, leaving a current book value of \$401,531. Lease-purchase proceeds in the amount of \$1,887,808 have not been spent as of June 30, 2009. Principal and interest payments of \$121,694 and \$92,363, respectively, were paid from the general fund and the debt service and permanent improvements funds, both of which are nonmajor governmental funds.

The following is a schedule of the future long-term minimum lease payments required under the lease purchase agreements and the present value of the future minimum lease payments as of June 30, 2009:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2010	\$ 620,686
2011	620,008
2012	657,235
2013	462,508
2014	484,604
2015	<u>246,282</u>
Total minimum lease payments	3,091,323
Less: amount representing interest	<u>(384,124)</u>
Total	<u>\$ 2,707,199</u>

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

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

NOTE 10 - CAPITAL ASSETS

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

	<u>Balance</u> <u>6/30/08</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>06/30/09</u>
Governmental activities:				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 423,960	\$ 452,341		\$ 876,301
Construction in progress		7,623,544		7,623,544
Total capital assets, not being depreciated	<u>423,960</u>	<u>8,075,885</u>		<u>8,499,845</u>
<i>Capital assets, being depreciated:</i>				
Improvements other than buildings	1,125,833	14,200		1,140,033
Buildings and improvements	24,558,589	14,500		24,573,089
Furniture and equipment	2,359,322	642,826	\$ (17,775)	2,984,373
Vehicles	1,015,930	469,682	(120,926)	1,364,686
Total capital assets, being depreciated	<u>29,059,674</u>	<u>1,141,208</u>	<u>(138,701)</u>	<u>30,062,181</u>
<i>Less: accumulated depreciation</i>				
Improvements other than buildings	(580,419)	(51,093)		(631,512)
Buildings and improvements	(15,807,547)	(381,634)		(16,189,181)
Furniture and equipment	(1,419,612)	(231,798)	17,775	(1,633,635)
Vehicles	(893,206)	(92,771)	116,382	(869,595)
Total accumulated depreciation	<u>(18,700,784)</u>	<u>(757,296)</u>	<u>134,157</u>	<u>(19,323,923)</u>
Governmental activities capital assets, net	<u>\$ 10,782,850</u>	<u>\$ 8,459,797</u>	<u>\$ (4,544)</u>	<u>\$ 19,238,103</u>

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

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

NOTE 10 - CAPITAL ASSETS – (Continued)

Depreciation expense was charged to governmental functions as follows:

Instruction:

Regular	\$439,714
Special	2,604

Support services:

Pupil	293
Instructional staff	274
Administration	2,759
Fiscal	1,367
Operations and maintenance	88,423
Pupil transportation	93,953

Extracurricular activities	111,170
Food service operations	<u>16,739</u>

Total depreciation expense	<u>\$757,296</u>
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**CLYDE-GREEN SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
SANDUSKY COUNTY, OHIO**

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

NOTE 11 - LONG-TERM OBLIGATIONS

- A. During the fiscal year 2009, the following changes occurred in governmental activities long-term obligations:

	Balance 6/30/08	Additions	Deductions	Balance 6/30/09	Amounts Due in One Year
Governmental activities:					
<i>General obligation bonds:</i>					
<u>Refunding bonds - series 2004</u>					
Current interest bonds	\$ 3,955,000		\$ (265,000)	\$ 3,690,000	\$ 275,000
Capital appreciation bonds	230,397			230,397	
Accreted interest	209,947	\$ 63,776		273,723	
<u>Construction bonds - series 2008</u>					
Current interest bonds	21,080,000			21,080,000	25,000
Capital appreciation bonds	219,988			219,988	
Accreted interest	1,687	54,692		56,379	
Total general obligation bonds	25,697,019	118,468	(265,000)	25,550,487	300,000
<i>Other long-term obligations:</i>					
Capital lease obligation	129,028		(62,905)	66,123	66,123
Lease-purchase obligations		2,828,893	(121,694)	2,707,199	492,936
Compensated absences	1,830,904	143,792	(165,722)	1,808,974	200,739
Total other long-term obligations	1,959,932	2,972,685	(350,321)	4,582,296	759,798
Total governmental activities	\$ 27,656,951	\$ 3,091,153	\$ (615,321)	30,132,783	\$ 1,059,798
Add: unamortized premium on bonds and lease-purchase				1,144,233	
Less: unamortized deferred amount on refunding				(198,040)	
Total long-term obligations				\$ 31,078,976	

Refunding bonds, series 2004: On August 15, 2003, the District issued general obligation bonds in order to advance refund \$2,615,000 of the current interest school improvement bonds, series 1995. Proceeds of the issuance were used to purchase securities which were placed in an irrevocable trust to provide resources for all future debt service payments on the refunded debt. This refunded debt is considered defeased (in-substance) and accordingly, has been removed from the statement of net assets.

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

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

(Continued)

NOTE 11 - LONG-TERM OBLIGATIONS – (Continued)

The refunding issue is comprised of both current interest bonds, par value \$4,790,000, and capital appreciation bonds, par value \$230,397. The interest rates on the current interest bonds range from 2.00% to 4.40%. The capital appreciation bonds mature on December 1, of 2014, 2015, 2016, and 2017 (stated interest rate of 14.00%) at a redemption price equal to 100% of the principal plus accreted interest to the redemption date. The accreted value at maturity for the capital appreciation bonds is \$1,285,000. A total of \$273,723 in interest has been accreted on the capital appreciation bonds as of June 30, 2009.

These bonds are general obligations of the District, for which its full faith and credit is pledged for repayment. The source of payment is derived from a current 2.00 (average) mill bonded debt tax levy. These bonds are paid from the bond retirement fund, a nonmajor governmental fund.

The current interest bonds maturing after December 1, 2013 are subject to early redemption at the option of the District and at redemption prices equal to 100% of the principal amount redeemed plus accrued interest to the date of redemption.

Interest payments on the current interest bonds are due on June 1 and December 1 of each year. The final maturity of the current interest bonds is December 1, 2032.

Construction bonds, series 2008: On May 20, 2008, the District issued general obligation bonds in order to fund the local share and required locally funded initiatives under the Classroom Facilities Assistance Program of the Ohio Schools Facilities Commission (OSFC). These bonds are general obligations of the District, for which its full faith and credit is pledged for repayment. The bonds will be paid from the bond retirement fund, a nonmajor governmental fund. The source of payment is derived from the District's income tax levy (See Note 7). A budget stabilization designation of \$972,375 in the general fund has been established in order to provide resources for payment of the bonds in the event that income tax revenues do not entirely cover the required debt service payments (See Note 18).

The issue is comprised of both current interest bonds, par value \$21,080,000, and capital appreciation bonds, par value \$219,988. The interest rates on the current interest bonds range from 3.00% to 5.00%. The capital appreciation bonds mature on December 1, of 2016, and 2017 (stated interest rate of 23.325%) at a redemption price equal to 100% of the principal plus accreted interest to the redemption date. The accreted value at maturity for the capital appreciation bonds is \$1,605,000. A total of \$56,379 in interest has been accreted on the capital appreciation bonds as of June 30, 2009.

Interest payments on the current interest bonds are due on June 1 and December 1 of each year. The final stated maturity of the current interest bonds is December 1, 2031.

At June 30, 2009, no proceeds from this bond issue have been spent.

Compensated absences: Compensated absences will be paid from the fund from which the employee is paid, which, for the District, is primarily the general fund.

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

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

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

Capital lease obligation: The capital lease obligation will be paid from the general fund. See Note 9.A. for more details.

Lease purchase obligations: The lease purchase obligations will be paid from the general fund and the bond retirement and permanent improvement nonmajor governmental funds. See Note 9.B. for more details.

- B.** Principal and interest requirements to retire the long-term obligations outstanding at June 30, 2009, are as follows:

Year Ended	Current Interest Bonds, Series 2004			Capital Appreciation Bonds, Series 2004		
	Principal	Interest	Total	Principal	Interest	Total
2010	\$ 275,000	\$ 156,036	\$ 431,036			
2011	280,000	146,666	426,666			
2012	290,000	136,259	426,259			
2013	300,000	125,197	425,197			
2014	310,000	113,604	423,604			
2015 - 2019	320,000	531,309	851,309	\$ 230,397	\$ 1,054,603	\$ 1,285,000
2020 - 2024	715,000	369,497	1,084,497			
2025 - 2029	600,000	233,006	833,006			
2030 - 2033	600,000	63,291	663,291			
Total	\$ 3,690,000	\$ 1,874,865	\$ 5,564,865	\$ 230,397	\$ 1,054,603	\$ 1,285,000

Year Ended	Current Interest Bonds, Series 2008			Capital Appreciation Bonds, Series 2008		
	Principal	Interest	Total	Principal	Interest	Total
2010	\$ 25,000	\$ 965,837	\$ 990,837			
2011	200,000	962,463	1,162,463			
2012	200,000	956,462	1,156,462			
2013	200,000	950,213	1,150,213			
2014	200,000	943,462	1,143,462			
2015 - 2019	2,045,000	4,513,950	6,558,950	\$ 219,988	\$ 1,385,012	\$ 1,605,000
2020 - 2024	5,085,000	3,677,563	8,762,563			
2025 - 2029	6,930,000	2,249,856	9,179,856			
2030 - 2033	6,195,000	470,588	6,665,588			
Total	\$ 21,080,000	\$ 15,690,394	\$ 36,770,394	\$ 219,988	\$ 1,385,012	\$ 1,605,000

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

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

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

C. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2009, resulted in no remaining voted debt margin and an unvoted debt margin of \$207,815.

NOTE 12 - COMPENSATED ABSENCES

A. Sick Leave

All employees are entitled to 15 days sick leave with pay for each year under contract and accrue sick leave at the rate of one and 1¼ days for each calendar month under contract. Sick leave is cumulative to 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 State Teacher's Retirement System (STRS Ohio), School Employee's Retirement System (SERS) or Public Employee's Retirement System (PERS) retirement systems and have performed a minimum of ten years service in one 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 or more years of service will be paid based on 26% of the accrued but unused days of sick leave up to 250 days up to a maximum of 65 days. Employees under the Ohio Association of Public School Employees contract with less than ten years service with the District will be paid based on 26% of the accrued but unused days of sick leave up to 150 days up to a maximum of 39 days.

NOTE 13 - 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.

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

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

NOTE 13 - RISK MANAGEMENT (Continued)

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 \$200,000 and aggregate claims in excess of 120% of expected claims.

C. Workers' Compensation

For fiscal year 2009, the District participated in the Ohio Association of School Business Officials (OASBO) Workers' Compensation Group Rating Plan (the "Plan"), an insurance purchasing pool. The intent of the Plan is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the Plan. 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 Plan. Each participant pays its workers' compensation premium to the state based on the rate for the Plan rather than its individual rate.

NOTE 14 - PENSION PLANS

A. School Employees Retirement System

Plan Description - The District contributes to the School Employees Retirement System (SERS), a cost-sharing, multiple-employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, www.ohsers.org, under *Forms and Publications*.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2009, 9.09 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2009, 2008 and 2007 were \$244,518, \$231,841 and \$245,922,

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

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

NOTE 14 - PENSION PLANS - (Continued)

respectively; 46.19 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

A. State Teachers Retirement System of Ohio

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

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

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

Funding Policy - For fiscal year ended June 30, 2009, plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations for fiscal year 2008, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

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

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

NOTE 14 - PENSION PLANS - (Continued)

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2009, 2008 and 2007 were \$1,240,787, \$1,202,639 and \$1,162,521, respectively; 83.13 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007. Contributions to the DC and Combined Plans for fiscal year 2009 were \$228 made by the District and \$4,171 made by the plan members.

B. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System (SERS) or the State Teachers Retirement System (STRS) of Ohio have an option to choose Social Security or the SERS/STRS Ohio. As of June 30, 2009, certain members of the Board of Education have elected Social Security. The District's liability is 6.2 percent of wages paid.

NOTE 15 - POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

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

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

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2009, 4.16 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2009, the actuarially determined amount was \$35,800.

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

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

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

NOTE 15 - POSTEMPLOYMENT BENEFITS - (Continued)

The District's contributions for health care (including surcharge) for the fiscal years ended June 30, 2009, 2008, and 2007 were \$163,620, \$154,346 and \$127,362, respectively; 46.19 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2009, this actuarially required allocation was 0.75 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2009, 2008, and 2007 were \$20,175, \$16,705 and \$16,723, respectively; 46.19 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

B. State Teachers Retirement System of Ohio

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

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2009, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2009, 2008, and 2007 were \$95,445, \$92,511 and \$89,425, respectively; 83.13 percent has been contributed for fiscal year 2009 and 100 percent for fiscal years 2008 and 2007.

NOTE 16 - BUDGETARY BASIS OF ACCOUNTING

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

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

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);

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

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

NOTE 16 - BUDGETARY BASIS OF ACCOUNTING (Continued)

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

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

Net Change in Fund Balance

	<u>General Fund</u>
Budget basis	\$ (754,441)
Net adjustment for revenue accruals	46,881
Net adjustment for expenditure accruals	(94,461)
Net adjustment for other sources/uses	(23,107)
Adjustment for encumbrances	147,298
GAAP basis	<u>\$ (677,830)</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 are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the District. However, in the opinion of management, any such disallowed claims will not have a material effect on the financial position of the District.

B. Litigation

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

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

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

NOTE 18 - STATUTORY RESERVES

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

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

	<u>Textbooks/ Instructional Materials</u>	<u>Capital Acquisition</u>
Set-aside balance as of June 30, 2008	\$ (1,022,196)	
Current year set-aside requirement	353,353	\$ 353,353
Qualifying disbursements	<u>(500,974)</u>	<u>(581,869)</u>
Total	<u>\$ (1,169,817)</u>	<u>\$ (228,516)</u>
Balance carried forward to FY 2010	<u>\$ (1,169,817)</u>	<u> </u>

Although the District had qualifying disbursements during the year that reduced the capital acquisition set-aside amount below zero, 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 above statutory reserves, the District has a balance of \$46,349 in funding from the State of Ohio that is restricted for school bus purchases.

Monies set-aside by the Board of Education 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, 2009 was \$972,375. See Note 11 for more detail on this designation.

A schedule of the governmental fund restricted assets at June 30, 2009 follows:

Amount restricted for school bus purchases	<u>\$ 46,349</u>
Total restricted assets	<u>\$ 46,349</u>

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

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

NOTE 19 - CONTRACTUAL COMMITMENTS

The District entered into the following contracts for the construction project:

<u>Contractor</u>	<u>Amount</u>	<u>Expended</u>	<u>6/30/09</u>
ACI Construction Co., Inc.	\$ 6,469,800	\$ 728,528	\$ 5,741,272
Adena Corporation	7,234,000		7,234,000
Babcock, LR, Inc.	959,500		959,500
Bernard, JF, Inc.	870,499		870,499
Breckinridge Kitchen Equipment	1,136,110		1,136,110
Brint Electric, Inc.	1,660,000		1,660,000
Bromack Electric Services, Inc.	1,181,500	73,266	1,108,234
Clouse Electric, LTD	1,338,202		1,338,202
Clouse Construction	3,648,000		3,648,000
Dundore Plumbing	348,638	35,892	312,746
Mosser Construction, Inc.	4,942,500	607,655	4,334,845
Stark's Inc.	492,800	28,282	464,518
Vaughn Industries, LLC	3,694,000		3,694,000
Vulcan Enterprises, Inc.	337,821		337,821
Wadsworth & Associates	408,000		408,000
Warner Mechanical Corp.	673,889		673,889
Westfield Electric, Inc.	779,437		779,437
	<u>\$ 36,174,696</u>	<u>\$ 1,473,623</u>	<u>\$ 34,701,073</u>
Total			

These contractual commitments relate to the OSFC project undertaken by the District. In addition to the amounts paid above, the District has recorded contracts payable and retainage payable in the amounts of \$2,313,956 and \$42,988, respectively, for costs incurred prior to fiscal year end on the OSFC project. Costs incurred by fiscal year end (including contracts and retainage payable) have been recorded as construction-in-progress in the District's capital assets (See Note 10).

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

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

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Federal CFDA Number	Receipts	Disbursements
UNITED STATES DEPARTMENT OF AGRICULTURE			
<i>Passed Through Ohio Department of Education</i>			
<u>Nutrition Cluster:</u>			
National School Lunch Program:			
Non Cash Assistance (Food Distribution)	10.555	\$ 126,126	\$ 126,126
Cash Assistance		<u>353,912</u>	<u>353,912</u>
Total National School Lunch Program		<u>480,038</u>	<u>480,038</u>
 School Breakfast Program	 10.553	 <u>65,994</u>	 <u>65,994</u>
Total US Department of Agriculture - Nutrition Cluster		<u>546,032</u>	<u>546,032</u>
UNITED STATES DEPARTMENT OF EDUCATION			
<i>Passed Through Ohio Department of Education</i>			
Special Education Cluster:			
Special Education Grants to States	84.027	458,588	458,588
Special Education Preschool Grants	84.173	<u>14,714</u>	<u>14,714</u>
Total Special Education Cluster		<u>473,302</u>	<u>473,302</u>
 Title I Grants to Local Educational Agencies	 84.010	 273,606	 284,373
 Twenty-First Century Community Learning Centers	 84.287	 125,000	 126,232
 Safe and Drug Free-Schools and Communities State Grants	 84.186	 6,525	 7,234
 State Grants for Innovative Programs	 84.298	 3,781	 2,493
 Education Technology State Grants	 84.318	 2,379	 2,379
 Improving Teacher Quality State Grants	 84.367	 <u>87,089</u>	 <u>87,283</u>
Total US Department of Education		<u>971,682</u>	<u>983,296</u>
Total Federal Assistance		<u>\$ 1,517,714</u>	<u>\$ 1,529,328</u>

The accompanying notes are an integral part of this schedule

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

**NOTES TO THE FEDERAL AWARDS RECEIPT AND EXPENDITURE SCHEDULE
FISCAL YEAR ENDED JUNE 30, 2009**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Receipt and Expenditure Schedule (the Schedule) reports the Clyde-Green Springs Exempted Village School District (the District's) federal award programs. The schedule has been prepared on the cash basis of accounting.

NOTE B - CHILD NUTRITION CLUSTER

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

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



Mary Taylor, CPA

Auditor of State

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

Clyde-Green Springs Exempted Village School District
Sandusky County
106 South Main Street
Clyde, Ohio 43410-1633

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Clyde-Green Springs Exempted Village School District, Sandusky County, (the District) as of and for the year ended June 30, 2009, which collectively comprise the District's basic financial statements and have issued our report thereon dated February 19, 2010. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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

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

We noted certain matters that we reported to the District's management in a separate letter dated February 19, 2010.

Compliance and Other Matters

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

We did note a certain noncompliance matter that we reported to the District's management in a separate letter dated February 19, 2010.

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



Mary Taylor, CPA
Auditor of State

February 19, 2010



Mary Taylor, CPA

Auditor of State

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

Clyde-Green Springs Exempted Village School District
Sandusky County
106 South Main Street
Clyde, Ohio 43410-1633

To the Board of Education:

Compliance

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

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

In our opinion, the Clyde-Green Springs Exempted Village School District, Sandusky County complied, in all material respects, with the requirements referred to above that apply to each of its major federal programs for the year ended June 30, 2009.

Internal Control Over Compliance

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

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

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

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

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



Mary Taylor, CPA
Auditor of State

February 19, 2010

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

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

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Nutrition Cluster, CFDA #10.555 and #10.553.
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

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

None

3. FINDINGS FOR FEDERAL AWARDS

None.

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Clyde-Green Springs Exempted Village School District
Sandusky County
106 South Main Street
Clyde, Ohio 43410-1633

To the Board of Education:

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

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

1. We noted the Board adopted an anti-harassment policy at its meeting on June 19, 2006.
2. We read the policy, noting it included the following requirements from Ohio Rev. Code Section 3313.666(B):
 - (1) A statement prohibiting harassment, intimidation, or bullying of any student on school property or at school-sponsored events;
 - (2) A definition of harassment, intimidation, or bullying that includes the definition in division (A) of Ohio Rev. Code Section 3313.666;
 - (3) A procedure for reporting prohibited incidents;
 - (4) A requirement that school personnel report prohibited incidents of which they are aware to the school principal or other administrator designated by the principal;

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

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

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



Mary Taylor, CPA
Auditor of State

February 19, 2010



Mary Taylor, CPA
Auditor of State

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
MARCH 11, 2010