

**UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT  
WYANDOT COUNTY, OHIO**

***BASIC FINANCIAL STATEMENTS  
(AUDITED)***

***FOR THE FISCAL YEAR ENDED  
JUNE 30, 2011***

**NATHAN LYNCH, TREASURER**





# Dave Yost • Auditor of State

Board of Education  
Upper Sandusky Exempted Village School District  
800 North Sandusky Avenue  
Upper Sandusky, Ohio 43351

We have reviewed the *Independent Accountants' Report* of the Upper Sandusky Exempted Village School District, Wyandot County, prepared by Julian & Grube, Inc., for the audit period July 1, 2010 through June 30, 2011. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Upper Sandusky Exempted Village School District is responsible for compliance with these laws and regulations.

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

Dave Yost  
Auditor of State

December 30, 2011

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**UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT  
WYANDOT COUNTY, OHIO**

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**Julian & Grube, Inc.**  
*Serving Ohio Local Governments*

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Independent Accountants' Report

Upper Sandusky Exempted Village School District  
800 North Sandusky Avenue, Suite A  
Upper Sandusky, Ohio 43351

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, its major fund, and the aggregate remaining fund information of the Upper Sandusky Exempted Village School District, Wyandot County, Ohio, as of and for the fiscal year ended June 30, 2011, which collectively comprise the Upper Sandusky Exempted Village School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Upper Sandusky Exempted Village School 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.

Ohio Administrative Code §117-2-03(B) requires the Upper Sandusky Exempted Village School District to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. However, as discussed in Note 2, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than generally accepted accounting principles. The accompanying financial statements and notes omit assets, liabilities, fund equities, and disclosures that, while material, we cannot determine at this time.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, its major fund, and the aggregate remaining fund information of the Upper Sandusky Exempted Village School District, Wyandot County, Ohio, as of June 30, 2011, and the respective changes in cash financial position and the budgetary comparison for the General Fund thereof for the fiscal year then ended in conformity with the basis of accounting Note 2 describes.

As described in Note 3, during the fiscal year ended June 30, 2011, the Upper Sandusky Exempted Village School District adopted the provisions of Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 23, 2011, on our consideration of the Upper Sandusky Exempted School 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.

Independent Accountants' Report  
Upper Sandusky Exempted Village School District  
Page Two

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

We conducted our audit to opine on the financial statements that collectively comprise the Upper Sandusky Exempted Village School District's cash basis basic financial statements taken as a whole. The Schedule of Receipts and Expenditures of Federal Awards is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations* provides additional analysis and is not a required part of the cash basis basic financial statements. The Schedule of Receipts and Expenditures of Federal Awards is management's responsibility and was derived from and relates directly to the underlying accounting and other records used to prepare the cash basis basic financial statements. This schedule was subject to the auditing procedures we applied to the cash basis basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the cash basis basic financial statements or to the cash basis basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the cash basis basic financial statements taken as a whole.



Julian & Grube, Inc.  
November 23, 2011



**UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT  
WYANDOT COUNTY, OHIO**

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

The management's discussion and analysis of the Upper Sandusky Exempted Village School District's (the "District") financial performance provides an overall review of the District's financial activities for the year ended June 30, 2011, within the limitations of the District's cash basis of accounting. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the cash-basis financial statements and the notes to the financial statements to enhance their understanding of the District's financial performance.

**Financial Highlights**

Key financial highlights for 2011 are as follows:

- The total net cash assets of the District increased \$240,573 or 4.99% from fiscal year 2010.
- General cash receipts accounted for \$13,363,344 or 78.77% of total governmental activities cash receipts. Program specific cash receipts accounted for \$3,602,663 or 21.23% of total governmental activities cash receipts.
- The District had \$16,725,434 in cash disbursements related to governmental activities; \$3,602,663 of these cash disbursements were offset by program specific charges for services, grants or contributions. General cash receipts (primarily taxes and grants and entitlements) of \$13,363,344 were adequate to provide for these programs.
- The District's major fund is the general fund. The general fund had cash receipts and other financing sources of \$14,646,086 in 2011. The cash disbursements of the general fund, totaled \$14,127,962 in 2011. The general fund's cash balance increased \$518,124 or 12.80% from 2010 to 2011.

**Using the Basic Financial Statements (BFS)**

This annual report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board (GASB) Statement No. 34, as applicable to the District's cash basis of accounting.

The statement of net assets - cash basis and statement of activities - cash basis provide information about the activities of the whole District, presenting an aggregate view of the District's cash basis 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, there is one major governmental fund, the general fund.

**Reporting the District as a Whole**

***Statement of Net Assets - Cash Basis and the Statement of Activities - Cash Basis***

The statement of net assets - cash basis and statement of activities - cash basis answer the question, "How did we do financially during 2011?" These statements include *only net assets* using the *cash basis of accounting*, which is a basis of accounting other than accounting principals generally accepted in the United States of America. This basis of accounting takes into account only the current year's receipts and disbursements if the cash is actually received or paid.

**UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT  
WYANDOT COUNTY, OHIO**

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

These two statements report the District's net cash assets and changes in those assets on a cash basis. This change in net cash assets is important because it tells the reader that, for the District as a whole, the cash basis 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, mandated federal and state programs and other factors.

As a result of the use of the cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not collected) and liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

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

The statement of net assets - cash basis and statement of activities - cash basis can be found on pages 13-14 of this report.

**Reporting the District's Most Significant Funds**

***Fund Financial Statements***

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and fiduciary funds.

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 fund is the general fund. The analysis of the District's major governmental funds begins on page 9.

***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 the cash basis of accounting, which is a basis of accounting other than accounting principals generally accepted in the United States of America. The governmental fund statements provide a detailed 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 cash basis financial resources that can be readily spent to finance various District programs. Since the District is reporting on the cash basis of accounting, there are no differences in the net cash assets and fund cash balances or changes in net cash assets and changes in fund cash balances. Therefore, no reconciliation is necessary between such financial statements. The governmental fund statements can be found on pages 15-16 of this report.

The District's budgetary process accounts for certain transactions on a cash basis. The budgetary statement for the general fund is presented to demonstrate the District's compliance with annually adopted budgets. The budgetary statement can be found on page 17 of this report.

**UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT  
WYANDOT COUNTY, OHIO**

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

***Fiduciary Funds***

Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The District's only fiduciary funds are a private-purpose trust fund and an agency fund. The basic fiduciary fund financial statements can be found on pages 18-19 of this report.

***Notes to the Financial Statements***

The notes provide additional information that is essential to full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 20-42 of this report.

**Government-Wide Financial Analysis**

Recall that the statement of net assets - cash basis provides the perspective of the District as a whole.

The table below provides a summary of the District's net assets for at June 30, 2011 and June 30, 2010. Amounts at June 30, 2010 for the District were restated as described in Note 3 to the basic financial statements.

|                        | <b>Net Cash Assets</b>             |  |
|------------------------|------------------------------------|--|
|                        | Governmental<br>Activities<br>2011 | Restated<br>Governmental<br>Activities<br>2010 |
|                        | <u>2011</u>                        | <u>2010</u>                                    |
| <u>Assets</u>          |                                    |  |
| Current assets         | \$ 5,061,931                       | \$ 4,821,358                                   |
| Total assets           | <u>5,061,931</u>                   | <u>4,821,358</u>                               |
| <u>Net cash assets</u> |                                    |  |
| Restricted             | 649,394                            | 613,948  |
| Unrestricted           | <u>4,412,537</u>                   | <u>4,207,410</u>                               |
| Total net cash assets  | <u>\$ 5,061,931</u>                | <u>\$ 4,821,358</u>                            |

The total net cash assets of the District increased \$240,573 which represents a 4.99% increase from fiscal year 2010. The balance of government-wide unrestricted net cash assets of \$4,412,537 may be used to meet the government's ongoing obligations to citizens and creditors.

**UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT  
WYANDOT COUNTY, OHIO**

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

The table below shows the changes in net cash assets for fiscal year 2011 and 2010. Amounts at June 30, 2010 for the District were restated as described in Note 3 to the basic financial statements.

|                                    | <b>Change in Net Cash Assets</b>   |                                    |
|------------------------------------|------------------------------------|------------------------------------|
|                                    | Governmental                       | Restated                           |
|                                    | Governmental<br>Activities<br>2011 | Governmental<br>Activities<br>2010 |
| <b>Cash receipts:</b>              |                                    |                                    |
| Program cash receipts:             |                                    |                                    |
| Charges for services and sales     | \$ 1,241,250                       | \$ 1,288,553                       |
| Operating grants and contributions | <u>2,361,413</u>                   | <u>1,859,737</u>                   |
| Total program cash receipts        | <u>3,602,663</u>                   | <u>3,148,290</u>                   |
| General cash receipts:             |                                    |                                    |
| Taxes                              | 6,752,622                          | 6,409,687                          |
| Payments in lieu of taxes          | 46,428                             | 73,285                             |
| Grants and entitlements            | 6,145,056                          | 6,283,444                          |
| Sale of notes                      | 357,000                            | 357,000                            |
| Investment earnings                | 17,511                             | 17,196                             |
| Other                              | <u>44,727</u>                      | <u>90,353</u>                      |
| Total general cash receipts        | <u>13,363,344</u>                  | <u>13,230,965</u>                  |
| Total cash receipts                | <u>\$ 16,966,007</u>               | <u>\$ 16,379,255</u>               |

**UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT  
WYANDOT COUNTY, OHIO**

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

|   | <b>Change in Net Cash Assets</b> |                     |
|---|----------------------------------|---------------------|
|   | Governmental                     | Restated            |
|   | Activities<br>2011               | Activities<br>2010  |
| <b>Cash disbursements:</b>                      |                                  |                     |
| Instruction:                                    |                                  |                     |
| Regular   | \$ 6,400,844                     | \$ 6,131,168        |
| Special   | 1,180,892                        | 1,208,367           |
| Vocational                                      | 148,911                          | 128,908             |
| Adult   | -                                | 1,933               |
| Other   | 1,115,510                        | 1,031,939           |
| Support services:                               |                                  |                     |
| Pupil   | 1,134,829                        | 943,966             |
| Instructional staff                             | 668,053                          | 590,912             |
| Board of education                              | 49,514                           | 43,691              |
| Administration                                  | 1,363,680                        | 1,237,098           |
| Fiscal  | 796,837                          | 1,183,180           |
| Operations and maintenance                      | 1,203,042                        | 1,378,142           |
| Pupil transportation                            | 785,939                          | 670,365             |
| Central   | 39,561                           | 38,269              |
| Operation of non instructional services         | 68,175                           | 95,874              |
| Food service operations                         | 652,031                          | 645,157             |
| Extracurricular                                 | 619,529                          | 632,841             |
| Debt service:                                   |                                  |                     |
| Principal retirement                            | 455,097                          | 446,960             |
| Interest and fiscal charges                     | 42,990                           | 42,625              |
| Total cash disbursements                        | <u>16,725,434</u>                | <u>16,451,395</u>   |
| Change in net cash assets                       | 240,573                          | (72,140)            |
| Net cash assets at beginning of year (restated) | <u>4,821,358</u>                 | <u>4,893,498</u>    |
| Net cash assets at end of year                  | <u>\$ 5,061,931</u>              | <u>\$ 4,821,358</u> |

**Governmental Activities**

Governmental cash assets increased by \$240,573 in 2011 from 2010. Total governmental disbursements of \$16,725,434 were offset by program receipts of \$3,602,663 and general cash receipts of \$13,363,344. Program receipts supported 21.54% of the total governmental disbursements. The largest governmental disbursements were instructional expenditures which totaled \$8,846,157 or 52.89% of total governmental expenditures.

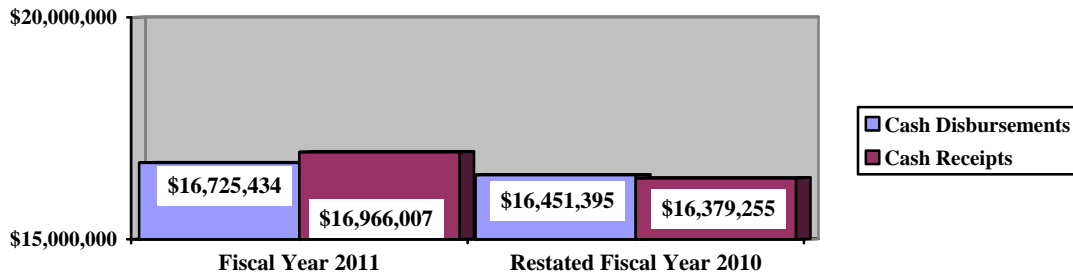
The primary sources of receipts for governmental activities are derived from taxes, and unrestricted grants and entitlements. These receipt sources represent 76.02% of total governmental receipts. Real estate property is reappraised every six years.

**UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT  
WYANDOT COUNTY, OHIO**

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

The graph below presents the District's governmental activities cash receipts and cash disbursements for fiscal years 2010 and 2011. Amounts at June 30, 2010 for the District were restated as described in Note 3 to the basic financial statements.

**Governmental Activities - Total Cash Receipts vs. Total Cash Disbursements**



**Governmental Activities**

|   | Total Cost of<br>Services<br>2011 | Net Cost of<br>Services<br>2011 | Restated<br>Total Cost of<br>Services<br>2010 | Restated<br>Net Cost of<br>Services<br>2010 |
|---|-----------------------------------|---------------------------------|---|---|
| <b>Cash disbursements:</b>              |                                   |                                 |   |   |
| Instruction:                            |                                   |                                 |   |   |
| Regular                                 | \$ 6,400,844                      | \$ 5,433,409                    | \$ 6,131,168                                  | \$ 5,385,327                                |
| Special                                 | 1,180,892                         | 329,479                         | 1,208,367                                     | 864,941                                     |
| Vocational                              | 148,911                           | 125,833                         | 128,908                                       | 96,495                                      |
| Adult                                   | -                                 | -                               | 1,933   | (3,198)                                     |
| Other                                   | 1,115,510                         | 1,096,431                       | 1,031,939                                     | 932,779                                     |
| Support services:                       |                                   |                                 |   |   |
| Pupil                                   | 1,134,829                         | 846,865                         | 943,966                                       | 818,340                                     |
| Instructional staff                     | 668,053                           | 466,232                         | 590,912                                       | 412,750                                     |
| Board of education                      | 49,514                            | 49,514                          | 43,691  | 43,691                                      |
| Administration                          | 1,363,680                         | 1,292,742                       | 1,237,098                                     | 1,214,801                                   |
| Fiscal                                  | 796,837                           | 796,717                         | 1,183,180                                     | 1,183,033                                   |
| Operations and maintenance              | 1,203,042                         | 1,015,363                       | 1,378,142                                     | 1,203,962                                   |
| Pupil transportation                    | 785,939                           | 719,700                         | 670,365                                       | 263,465                                     |
| Central                                 | 39,561                            | 39,561                          | 38,269  | 38,269                                      |
| Operation of non instructional services | 68,175                            | (24,863)                        | 95,874  | (93,645)                                    |
| Food service operations                 | 652,031                           | (11,027)                        | 645,157                                       | 9,908                                       |
| Extracurricular                         | 619,529                           | 448,728                         | 632,841                                       | 442,602                                     |
| Debt service:                           |                                   |                                 |   |   |
| Principal retirement                    | 455,097                           | 455,097                         | 446,960                                       | 446,960                                     |
| Interest and fiscal charges             | 42,990                            | 42,990                          | 42,625  | 42,625                                      |
| <b>Total</b>                            | <b>\$ 16,725,434</b>              | <b>\$ 13,122,771</b>            | <b>\$ 16,451,395</b>                          | <b>\$ 13,303,105</b>                        |

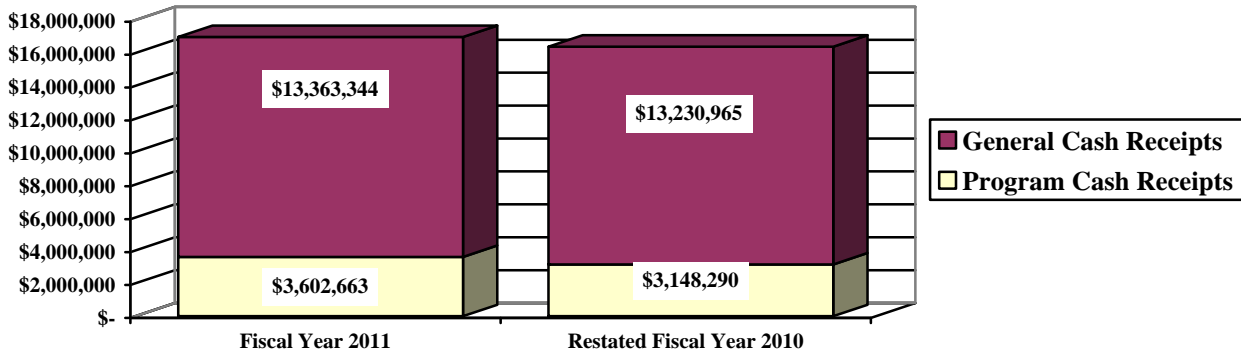
**UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT  
WYANDOT COUNTY, OHIO**

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

The dependence upon general cash receipts for governmental activities is apparent; with 78.46% of cash disbursements supported through taxes and other general cash receipts during 2011.

The graph below presents the District's governmental activities cash receipts for fiscal years 2011 and 2010. Amounts at June 30, 2010 for the District were restated as described in Note 3 to the basic financial statements.

**Governmental Activities - General and Program Cash Receipts**



**Financial Analysis of the Government's Funds**

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental Funds**

The District's governmental funds are accounted for using the cash basis of accounting.

The District's governmental funds reported a combined fund balance of \$5,061,931, which is \$240,573 greater than last year's restated total of \$4,821,358. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2011 and June 30, 2010, for all major and nonmajor governmental funds. Amounts at June 30, 2010 for the District were restated as described in Note 3 to the basic financial statements.

|                                   | Fund Cash Balance<br>June 30, 2011 | Restated<br>Fund Cash Balance<br>June 30, 2010 | Increase<br>(Decrease) |
|-----------------------------------|------------------------------------|--|------------------------|
| General                           | \$ 4,564,427                       | \$ 4,046,303                                   | \$ 518,124             |
| Other nonmajor governmental funds | 497,504                            | 775,055  | (277,551)              |
| <b>Total</b>                      | <b>\$ 5,061,931</b>                | <b>\$ 4,821,358</b>                            | <b>\$ 240,573</b>      |

**UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT  
WYANDOT COUNTY, OHIO**

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

***General Fund***

The District's major fund is the general fund. The general fund had cash receipts and other financing sources of \$14,646,086 in 2011. The cash disbursements of the general fund, totaled \$14,127,962 in 2011. The general fund's cash balance increased \$518,124 or 12.81% from 2010 to 2011.

The table that follows assists in illustrating the cash receipts of the general fund.

|                              | 2011<br>Amount       | Restated<br>2010<br>Amount | Percentage<br>Change |
|------------------------------|----------------------|----------------------------|----------------------|
| <b><u>Cash receipts:</u></b> |                      |                            |                      |
| Taxes                        | \$ 6,752,622         | \$ 6,409,687               | 5.35 %               |
| Tuition                      | 655,026              | 582,405                    | 12.47 %              |
| Payments in lieu of taxes    | 46,428               | 73,285                     | (36.65) %            |
| Intergovernmental            | 6,693,482            | 6,712,330                  | (0.28) %             |
| Earnings on investments      | 14,888               | 15,980                     | (6.83) %             |
| Other revenues               | 126,640              | 276,077                    | (54.13) %            |
| Total                        | <u>\$ 14,289,086</u> | <u>\$ 14,069,764</u>       | 1.56 %               |

Tuition receipts increased \$72,621 as a result of increasing open enrollment. Taxes increased \$342,935, primarily due to a decrease in the unemployment rate which leads to an increase in income tax collections. All other revenue remained comparable to fiscal year 2010.

The table that follows assists in illustrating the expenditures of the general fund.

|                                  | 2011<br>Amount       | Restated<br>2010<br>Amount | Percentage<br>Change |
|----------------------------------|----------------------|----------------------------|----------------------|
| <b><u>Cash Disbursements</u></b> |                      |                            |                      |
| Instruction                      | \$ 8,160,041         | \$ 7,958,453               | 2.53 %               |
| Support services                 | 5,051,735            | 5,340,569                  | (5.41) %             |
| Non-instructional services       | 6                    | 24,722                     | (99.98)              |
| Extracurricular                  | 418,093              | 433,433                    | (3.54) %             |
| Debt service:                    |                      |                            |                      |
| Principal retirement             | 455,097              | 446,960                    | 1.82                 |
| Interest and fiscal charges      | 42,990               | 42,625                     | 0.86 %               |
| Total                            | <u>\$ 14,127,962</u> | <u>\$ 14,246,762</u>       | (0.83) %             |

Overall, cash disbursements decreased \$118,800 primarily due to a decrease in support services disbursements due to cost cutting measures taken by the District. All other cash disbursements remained comparable to fiscal year 2010.



**UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT  
WYANDOT COUNTY, OHIO**

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

***Budgeting Highlights - General Fund***

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

For the general fund, final budgetary basis receipts of \$15,033,000 were the same as the original budget estimates. Actual cash receipts of \$14,573,193 were less than final budget estimates by \$459,807. The final budgetary basis disbursements and other financing uses of \$16,553,881 were the same as the original budget estimates. The actual budgetary basis disbursements and other financing uses of \$14,060,892 were \$2,492,989 less than the final budget estimates.

**Capital Assets and Debt Administration**

***Capital Assets***

The District does not record capital assets in the accompanying cash basis basic financial statements, but records payments for capital assets as disbursements.

***Debt Administration***

The District had the following long-term obligations outstanding at June 30, 2011 and 2010:

|                             | Governmental<br>Activities<br>2011 | Restated<br>Governmental<br>Activities<br>2010 |
|-----------------------------|------------------------------------|--|
|                             | <u>2011</u>                        | <u>2010</u>                                    |
| Energy conservation bonds   | \$ 510,000                         | \$ 565,000                                     |
| Capital leases              | <u>81,460</u>                      | <u>124,557</u>                                 |
| Total long-term obligations | <u>\$ 591,460</u>                  | <u>\$ 689,557</u>                              |

Refer to Note 8 to the basic financial statements for further detail.

**Current Financial Related Activities**

A major challenge facing the District is the future of state funding. On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision reaffirmed earlier decisions that Ohio's current school-funding plan is unconstitutional.

The Supreme Court relinquished jurisdiction over the cash and directed "... the Ohio General Assembly to enact a school-funding scheme that is thorough and efficient...". The District is currently unable to determine what effect, if any, this decision will have on its future State funding and its financial operations.

**UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT  
WYANDOT COUNTY, OHIO**

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

**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 Nathan Lynch, Treasurer, Upper Sandusky Exempted Village School District, 800 N. Sandusky Ave., Upper Sandusky, Ohio 43351.

**CASH BASIS BASIC  
FINANCIAL STATEMENTS**

**UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT  
WYANDOT COUNTY, OHIO**

STATEMENT OF NET ASSETS - CASH BASIS  
JUNE 30, 2011

|   | <b>Governmental<br/>Activities</b> |
|---|------------------------------------|
| <b>Assets:</b>                                      |                                    |
| Equity in pooled cash and cash equivalents. . .     | \$ 5,049,949                       |
| Beneficial interest in assets held by others. . . . | 11,982                             |
| Total assets. . . . .                               | 5,061,931                          |
| <br><b>Net cash assets:</b>                         |                                    |
| Restricted for:                                     |                                    |
| Capital projects . . . . .                          | 200,281                            |
| Debt service. . . . .                               | 4,944                              |
| Locally funded programs . . . . .                   | 685                                |
| State funded programs. . . . .                      | 151,059                            |
| Federally funded programs . . . . .                 | 2,537                              |
| Student activities . . . . .                        | 159,917                            |
| Other purposes . . . . .                            | 129,971                            |
| Unrestricted . . . . .                              | 4,412,537                          |
| Total net cash assets . . . . .                     | \$ 5,061,931                       |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT  
WYANDOT COUNTY, OHIO**

STATEMENT OF ACTIVITIES - CASH BASIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

|  | Cash<br>Disbursements | Program Cash Receipts             |                                       | Net (Cash<br>Disbursements) Cash<br>Receipts and Change<br>In Net Cash Assets |
|--|-----------------------|-----------------------------------|---------------------------------------|---|
|  |                       | Charges for<br>Services and Sales | Operating Grants<br>and Contributions | Governmental<br>Activities  |
| <b>Governmental activities:</b>  |                       |                                   |                                       |   |
| Instruction:   |                       |                                   |                                       |   |
| Regular . . . . .  | \$ 6,400,844          | \$ 653,535                        | \$ 313,900                            | \$ (5,433,409)  |
| Special . . . . .  | 1,180,892             | 59,070                            | 792,343                               | (329,479)   |
| Vocational . . . . .   | 148,911               | -                                 | 23,078                                | (125,833)   |
| Other . . . . .  | 1,115,510             | -                                 | 19,079                                | (1,096,431)   |
| Support services:  |                       |                                   |                                       |   |
| Pupil . . . . .  | 1,134,829             | -                                 | 287,964                               | (846,865)   |
| Instructional staff . . . . .  | 668,053               | -                                 | 201,821                               | (466,232)   |
| Board of education . . . . .   | 49,514                | -                                 | -                                     | (49,514)  |
| Administration . . . . .   | 1,363,680             | 26,295                            | 44,643                                | (1,292,742)   |
| Fiscal . . . . .   | 796,837               | -                                 | 120                                   | (796,717)   |
| Operations and maintenance . . . . .                                     | 1,203,042             | 2,055                             | 185,624                               | (1,015,363)   |
| Pupil transportation . . . . .   | 785,939               | -                                 | 66,239                                | (719,700)   |
| Central . . . . .  | 39,561                | -                                 | -                                     | (39,561)  |
| Operation of non-instructional<br>services:                              |                       |                                   |                                       |   |
| Other non-instructional services . . . . .                               | 68,175                | -                                 | 93,038                                | 24,863  |
| Food service operations . . . . .  | 652,031               | 329,754                           | 333,304                               | 11,027  |
| Extracurricular activities . . . . .                                     | 619,529               | 170,541                           | 260                                   | (448,728)   |
| Debt service:  |                       |                                   |                                       |   |
| Principal retirement . . . . .   | 455,097               | -                                 | -                                     | (455,097)   |
| Interest and fiscal charges . . . . .                                    | 42,990                | -                                 | -                                     | (42,990)  |
| Total governmental activities . . . . .                                  | <u>\$ 16,725,434</u>  | <u>\$ 1,241,250</u>               | <u>\$ 2,361,413</u>                   | <u>(13,122,771)</u>   |
| <b>General cash receipts:</b>  |                       |                                   |                                       |   |
| Property taxes levied for:   |                       |                                   |                                       |   |
| General purposes . . . . .   |                       |                                   |                                       | 4,162,418   |
| Income taxes levied for:   |                       |                                   |                                       |   |
| General purposes . . . . .   |                       |                                   |                                       | 2,590,204   |
| Payments in lieu of taxes . . . . .                                      |                       |                                   |                                       | 46,428  |
| Grants and entitlements not restricted<br>to specific programs . . . . . |                       |                                   |                                       |   |
|  |                       |                                   |                                       | 6,145,056   |
| Sale of notes . . . . .  |                       |                                   |                                       | 357,000   |
| Investment earnings . . . . .  |                       |                                   |                                       | 17,511  |
| Miscellaneous . . . . .  |                       |                                   |                                       | 44,727  |
| Total general cash receipts . . . . .                                    |                       |                                   |                                       | <u>13,363,344</u>   |
| Change in net assets . . . . .   |                       |                                   |                                       | 240,573   |
| <b>Net cash assets at beginning of year (restated) . . . . .</b>         |                       |                                   |                                       | <u>4,821,358</u>  |
| <b>Net cash assets at end of year . . . . .</b>                          |                       |                                   |                                       | <u>\$ 5,061,931</u>   |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT  
WYANDOT COUNTY, OHIO**

STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES  
GOVERNMENTAL FUNDS  
JUNE 30, 2011

|  | <b>General</b> | <b>Other<br/>Governmental<br/>Funds</b> | <b>Total<br/>Governmental<br/>Funds</b> |
|--|----------------|---|---|
| <b>Assets:</b>   |                |   |   |
| Equity in pooled cash<br>and cash equivalents. . . . . | \$ 4,564,427   | \$ 485,522                              | \$ 5,049,949                            |
| Beneficial interest in assets held by others. . . . .  | -              | 11,982                                  | 11,982                                  |
| Total assets . . . . .                                 | \$ 4,564,427   | \$ 497,504                              | \$ 5,061,931                            |
| <b>Fund cash balances:</b>                             |                |   |   |
| Restricted:  |                |   |   |
| Debt service . . . . .                                 | \$ -           | \$ 4,944                                | \$ 4,944                                |
| Capital improvements . . . . .                         | -              | 3,406                                   | 3,406                                   |
| Adult education . . . . .                              | -              | 3,013                                   | 3,013                                   |
| Food service operations . . . . .                      | -              | 117,989                                 | 117,989                                 |
| Non-public schools . . . . .                           | -              | 109,038                                 | 109,038                                 |
| Other purposes. . . . .                                | -              | 54,212                                  | 54,212                                  |
| Extracurricular. . . . .                               | -              | 159,917                                 | 159,917                                 |
| Committed:   |                |   |   |
| Capital improvements . . . . .                         | -              | 196,875                                 | 196,875                                 |
| Other purposes. . . . .                                | 11,000         | -                                       | 11,000                                  |
| Budget stabilization . . . . .                         | 151,993        | -                                       | 151,993                                 |
| Assigned:  |                |   |   |
| Student instruction . . . . .                          | 2,815          | -                                       | 2,815                                   |
| Student and staff support. . . . .                     | 39,237         | -                                       | 39,237                                  |
| School supplies . . . . .                              | 8,467          | -                                       | 8,467                                   |
| Other purposes. . . . .                                | 9,026          | -                                       | 9,026                                   |
| Unassigned (deficit) . . . . .                         | 4,341,889      | (151,890)                               | 4,189,999                               |
| Total fund cash balances . . . . .                     | \$ 4,564,427   | \$ 497,504                              | \$ 5,061,931                            |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT  
WYANDOT COUNTY, OHIO**

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH  
BASIS FUND BALANCES - GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

|   | <b>General</b>      | <b>Other<br/>Governmental<br/>Funds</b> | <b>Total<br/>Governmental<br/>Funds</b> |
|---|---------------------|---|---|
| <b>Cash receipts:</b>   |                     |   |   |
| From local sources:   |                     |   |   |
| Property taxes . . . . .  | \$ 4,162,418        | \$ -                                    | \$ 4,162,418                            |
| Income taxes . . . . .  | 2,590,204           | -                                       | 2,590,204                               |
| Payment in lieu of taxes . . . . .  | 46,428              | -                                       | 46,428                                  |
| Tuition . . . . .   | 655,026             | -                                       | 655,026                                 |
| Earnings on investments . . . . .   | 14,888              | 2,666                                   | 17,554                                  |
| Charges for services . . . . .  | -                   | 323,083                                 | 323,083                                 |
| Extracurricular . . . . .   | 5,989               | 156,617                                 | 162,606                                 |
| Classroom materials and fees . . . . .  | 57,579              | -                                       | 57,579                                  |
| Other local revenues . . . . .  | 63,072              | 25,371                                  | 88,443                                  |
| Intergovernmental - state . . . . .   | 6,693,482           | 114,702                                 | 6,808,184                               |
| Intergovernmental - federal . . . . .   | -                   | 1,697,482                               | 1,697,482                               |
| Total cash receipts . . . . .   | 14,289,086          | 2,319,921                               | 16,609,007                              |
| <b>Cash disbursements:</b>  |                     |   |   |
| Current:  |                     |   |   |
| Instruction:  |                     |   |   |
| Regular . . . . .   | 6,028,807           | 372,037                                 | 6,400,844                               |
| Special . . . . .   | 889,438             | 291,454                                 | 1,180,892                               |
| Vocational . . . . .  | 148,911             | -                                       | 148,911                                 |
| Other . . . . .   | 1,092,885           | 22,625                                  | 1,115,510                               |
| Support services:   |                     |   |   |
| Pupil . . . . .   | 844,773             | 290,056                                 | 1,134,829                               |
| Instructional staff . . . . .   | 460,788             | 207,265                                 | 668,053                                 |
| Board of education . . . . .  | 49,514              | -                                       | 49,514                                  |
| Administration . . . . .  | 1,317,799           | 45,881                                  | 1,363,680                               |
| Fiscal . . . . .  | 796,599             | 238                                     | 796,837                                 |
| Operations and maintenance . . . . .  | 825,934             | 377,108                                 | 1,203,042                               |
| Pupil transportation . . . . .  | 716,767             | 69,172                                  | 785,939                                 |
| Central . . . . .   | 39,561              | -                                       | 39,561                                  |
| Operation of non-instructional services:  |                     |   |   |
| Operation of non-instructional . . . . .  | 6                   | 68,169                                  | 68,175                                  |
| Food service operations . . . . .   | -                   | 652,031                                 | 652,031                                 |
| Extracurricular activities . . . . .  | 418,093             | 201,436                                 | 619,529                                 |
| Debt service:   |                     |   |   |
| Principal retirement . . . . .  | 455,097             | -                                       | 455,097                                 |
| Interest and fiscal charges . . . . .   | 42,990              | -                                       | 42,990                                  |
| Total cash disbursements . . . . .  | 14,127,962          | 2,597,472                               | 16,725,434                              |
| Excess (deficiency) of cash receipts over (under)<br>cash disbursements . . . . . | 161,124             | (277,551)                               | (116,427)                               |
| <b>Other financing sources:</b>   |                     |   |   |
| Sale of notes . . . . .   | 357,000             | -                                       | 357,000                                 |
| Total other financing sources . . . . .   | 357,000             | -                                       | 357,000                                 |
| Net change in fund cash balances . . . . .  | 518,124             | (277,551)                               | 240,573                                 |
| <b>Fund cash balances at beginning<br/>of year (restated) . . . . .</b>           |                     |   |   |
|   | 4,046,303           | 775,055                                 | 4,821,358                               |
| <b>Fund cash balances at end of year . . . . .</b>                                | <b>\$ 4,564,427</b> | <b>\$ 497,504</b>                       | <b>\$ 5,061,931</b>                     |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT  
WYANDOT COUNTY, OHIO**

STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

|   | <u>Budgeted Amounts</u>    |                            | <u>Actual</u>              | <b>Variance with<br/>Final Budget<br/>Positive<br/>(Negative)</b> |
|---|----------------------------|----------------------------|----------------------------|---|
|   | <u>Original</u>            | <u>Final</u>               |                            | <u>(Negative)</u>   |
| <b>Budgetary basis receipts:</b>  |                            |                            |                            |   |
| From local sources:   |                            |                            |                            |   |
| Property taxes . . . . .  | \$ 4,300,000               | \$ 4,300,000               | \$ 4,162,418               | \$ (137,582)  |
| Income taxes. . . . .   | 2,600,000                  | 2,600,000                  | 2,590,204                  | (9,796)   |
| Payments in lieu of taxes. . . . .  | 75,000                     | 75,000                     | 46,428                     | (28,572)  |
| Tuition. . . . .  | 635,000                    | 635,000                    | 655,026                    | 20,026  |
| Earnings on investments . . . . .   | 25,000                     | 25,000                     | 14,888                     | (10,112)  |
| Classroom materials and fees . . . . .  | 2,000                      | 2,000                      | 1,517                      | (483)   |
| Other local revenues . . . . .  | 188,000                    | 188,000                    | 42,237                     | (145,763)   |
| Intergovernmental - state . . . . .   | 6,850,000                  | 6,850,000                  | 6,693,482                  | (156,518)   |
| Total budgetary basis receipts . . . . .  | <u>14,675,000</u>          | <u>14,675,000</u>          | <u>14,206,200</u>          | <u>(468,800)</u>  |
| <b>Budgetary basis disbursements:</b>   |                            |                            |                            |   |
| Current:  |                            |                            |                            |   |
| Instruction:  |                            |                            |                            |   |
| Regular . . . . .   | 6,433,184                  | 6,433,184                  | 5,982,492                  | 450,692   |
| Special. . . . .  | 950,858                    | 950,858                    | 889,438                    | 61,420  |
| Vocational. . . . .   | 136,354                    | 136,354                    | 148,911                    | (12,557)  |
| Other. . . . .  | 1,063,780                  | 1,063,780                  | 1,092,885                  | (29,105)  |
| Support services:   |                            |                            |                            |   |
| Pupil. . . . .  | 900,848                    | 900,848                    | 845,968                    | 54,880  |
| Instructional staff . . . . .   | 415,665                    | 415,665                    | 460,905                    | (45,240)  |
| Board of education . . . . .  | 69,191                     | 69,191                     | 49,714                     | 19,477  |
| Administration. . . . .   | 1,287,127                  | 1,287,127                  | 1,287,910                  | (783)   |
| Fiscal . . . . .  | 1,288,380                  | 1,288,380                  | 796,624                    | 491,756   |
| Operations and maintenance. . . . .   | 1,588,428                  | 1,588,428                  | 828,267                    | 760,161   |
| Pupil transportation . . . . .  | 773,643                    | 773,643                    | 722,037                    | 51,606  |
| Central. . . . .  | 40,184                     | 40,184                     | 39,561                     | 623   |
| Extracurricular activities. . . . .   | 420,235                    | 420,235                    | 418,093                    | 2,142   |
| Debt service:   |                            |                            |                            |   |
| Principal retirement . . . . .  | 455,097                    | 455,097                    | 455,097                    | -   |
| Interest and fiscal charges. . . . .  | 43,307                     | 43,307                     | 42,990                     | 317   |
| Total budgetary basis disbursements. . . . .  | <u>15,866,281</u>          | <u>15,866,281</u>          | <u>14,060,892</u>          | <u>1,805,389</u>  |
| Excess (deficiency) of budgetary basis receipts<br>over (under) budgetary basis disbursements . . . . . | <u>(1,191,281)</u>         | <u>(1,191,281)</u>         | <u>145,308</u>             | <u>1,336,589</u>  |
| <b>Other financing sources (uses):</b>  |                            |                            |                            |   |
| Refund of prior year's expenditures . . . . .   | 1,000                      | 1,000                      | 9,993                      | 8,993   |
| Transfers (out). . . . .  | (687,600)                  | (687,600)                  | -                          | 687,600   |
| Sale of notes. . . . .  | 357,000                    | 357,000                    | 357,000                    | -   |
| Total other financing sources (uses) . . . . .  | <u>(329,600)</u>           | <u>(329,600)</u>           | <u>366,993</u>             | <u>696,593</u>  |
| Net change in budgetary fund balance . . . . .  | (1,520,881)                | (1,520,881)                | 512,301                    | 2,033,182   |
| <b>Fund cash balance at beginning of year. . . . .</b>  | <b>3,843,529</b>           | <b>3,843,529</b>           | <b>3,843,529</b>           | <b>-</b>  |
| <b>Prior year encumbrances appropriated . . . . .</b>   | <b>138,052</b>             | <b>138,052</b>             | <b>138,052</b>             | <b>-</b>  |
| <b>Fund cash balance at end of year . . . . .</b>   | <b><u>\$ 2,460,700</u></b> | <b><u>\$ 2,460,700</u></b> | <b><u>\$ 4,493,882</u></b> | <b><u>\$ 2,033,182</u></b>  |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS



**UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT  
WYANDOT COUNTY, OHIO**

STATEMENT OF FIDUCIARY NET CASH ASSETS  
FIDUCIARY FUNDS  
JUNE 30, 2011

|   | <u>Private Purpose<br/>Trust</u> |                  |
|---|----------------------------------|------------------|
|   | <u>Scholarship</u>               | <u>Agency</u>    |
| <b>Assets:</b>  |                                  |                  |
| Equity in pooled cash<br>and cash equivalents . . . . . | \$ 86,928                        | \$ 36,060        |
| Total assets. . . . .                                   | <u>\$ 86,928</u>                 | <u>\$ 36,060</u> |
| <b>Net cash assets:</b>                                 |                                  |                  |
| Due to students. . . . .                                | \$ -                             | \$ 36,060        |
| Held in trust for scholarships . . . . .                | <u>86,928</u>                    | <u>-</u>         |
| Total net cash assets . . . . .                         | <u>\$ 86,928</u>                 | <u>\$ 36,060</u> |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT  
WYANDOT COUNTY, OHIO**

STATEMENT OF CHANGES IN FIDUCIARY NET CASH ASSETS  
FIDUCIARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

|  | <b>Private Purpose<br/>Trust</b> |
|--|----------------------------------|
|  | <b>Scholarship</b>               |
| <b>Additions:</b>  |                                  |
| Interest . . . . .   | \$ 430                           |
| Gifts and contributions. . . . .                             | 1,500                            |
| Total additions. . . . .                                     | 1,930                            |
| <b>Deductions:</b>   |                                  |
| Scholarships awarded . . . . .                               | 3,050                            |
| Change in net cash assets . . . . .                          | (1,120)                          |
| <b>Net cash assets at beginning of year (restated) . . .</b> | <b>88,048</b>                    |
| <b>Net cash assets at end of year. . . . .</b>               | <b>\$ 86,928</b>                 |

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

**UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT  
WYANDOT COUNTY, OHIO**

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

**NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT**

Upper Sandusky Exempted Village School District (the "District") is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The District operates under a locally elected Board form of government consisting of five members elected at-large for staggered four-year terms. The District provides educational services as authorized by State statute and/or federal guidelines.

The District was established in 1960 through the consolidation of existing land areas and school districts. The District serves an area of approximately 300 square miles. It is located in Wyandot, Marion and Crawford Counties and includes the entire City of Upper Sandusky. The District is staffed by 94 non-certified employees and 148 certified full-time teaching personnel who provide services to 1,736 students and other community members.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

As discussed in Note 2.B., these financial statements are presented on the cash basis of accounting. The cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). GAAP includes all relevant Governmental Accounting Standards Board (GASB) pronouncements. In cases where these cash basis statements contain items that are the same as, or similar to, those items in financial statements prepared in conformity with GAAP, similar informative disclosures are provided.

**A. Reporting Entity**

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

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

**UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT  
WYANDOT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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

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

*JOINTLY GOVERNED ORGANIZATIONS*

Tri-Rivers Educational Computer Association (TRECA)

The District is a participant in the Tri-Rivers Educational Computer Association (TRECA), which is a computer consortium. TRECA is an association of various public school districts within the boundaries of Delaware, Marion, Morrow and Wyandot Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions of member school districts. The governing board of TRECA consists of two representatives from each county elected by majority vote of all charter member school districts within each county plus one representative from the fiscal agent. Financial information can be obtained from Scott Armstrong, who serves as Chief Financial Officer, at 100 Executive Drive, Marion, Ohio 43302.

Vanguard-Sentinel Career and Technology Centers

The Vanguard-Sentinel Career and Technology Centers (VSCTC) is a political subdivision of the State of Ohio, which provides vocational education for students. The VSCTC is operated under direction of a Board consisting of one representative from the District, one representative from twelve other participating school districts, and two representatives from the Fremont City School District. The VSCTC possesses its own budgeting and taxing authority. Financial information can be obtained from Jay Valasek, Vanguard-Sentinel Career and Technology Centers, at 1306 Cedar Street, Fremont, Ohio 43420.

*INSURANCE PURCHASING POOLS*

Ohio School Boards Association Workers' Compensation Group Rating Program

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

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

Wyandot-Crawford Health Benefit Plan

The Wyandot-Crawford Health Benefit Plan (the "Plan") is a public entity shared risk pool consisting of five school districts. The Plan is organized as a Voluntary Employee Benefit Association under Section 501(c)(9) of the Internal Revenue Code and provides sick, accident, and other benefits to employees of the participating school districts. Each participating school district's superintendent is appointed to the Board of Directors which advises the Trustee, Huntington Trust Company, N.A., concerning aspects of the administration of the Plan.

Each school district decides which benefit programs offered by the Plan will be extended to its employees. Participation in the Plan is by written application subject to acceptance by the Board of Directors and payment of the monthly premiums. Financial information can be obtained from Kristin Bowman, Service Representative, Medical Mutual, P.O. Box 943, Toledo, Ohio 43656.

**UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT  
WYANDOT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

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

*RELATED ORGANIZATION*

Upper Sandusky Community Public Library

The Upper Sandusky Community Public Library (the "Library") is a distinct political subdivision of the State of Ohio created under Chapter 3375 of the Ohio Revised Code. The Library is governed by a Board of Trustees appointed by the District Board of Education. The Board of Trustees possesses its own contracting and budgeting authority, hires and fires personnel and does not depend on the District for operational subsidies. Although the District does serve as the taxing authority and may issue tax related debt on behalf of the Library, its role is limited to administrative function. The determination to request approval of a tax, the rate and the purpose are discretionary decisions made solely by the Board of Trustees. Financial information can be obtained from John Lyon, Clerk/Treasurer, 310 North Sandusky Avenue, Upper Sandusky, Ohio 43351.

**B. Basis of Accounting**

Although required by Ohio Administrative Code § 117-2-03(B) to prepare its annual financial report in accordance with GAAP, the District chooses to prepare its financial statements and notes on the cash basis of accounting. The cash basis of accounting is a comprehensive basis of accounting other than GAAP. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred.

Budgetary presentations report budgetary cash disbursements when a commitment is made (i.e. when an encumbrance is approved). The difference between disbursements reported in the fund and entity wide statements and disbursements reported in the budgetary statement are due to current year encumbrances being added to disbursements reported on the budgetary statement. These statements include adequate disclosure of material matters, in accordance with the basis of accounting described in the preceding paragraph.

**C. 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. The District has no proprietary funds.

*GOVERNMENTAL FUNDS*

The District classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants) and other non-exchange transactions as governmental funds. The following is the District's major governmental fund:

General fund - The general fund is used to account for and report all financial resources not accounted for and reported 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.

**UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT  
WYANDOT COUNTY, OHIO**

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

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

Other governmental funds of the District are used to account for (a) financial resources that are restricted, committed, or assigned to expenditures for capital outlays including the acquisition of construction of capital facilities and other capital assets, (b) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects and (c) financial resources that are restricted, committed, or assigned to expenditures for principal and interest.

*FIDUCIARY FUNDS*

Fiduciary fund reporting focuses on net cash assets and changes in net cash 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 cash assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. The District's only trust fund is a private-purpose trust which accounts for scholarship programs for students. Agency funds are custodial in nature and do not involve measurement of results of operations. The District's agency funds account for student activities.

**D. Basis of Presentation**

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 compares disbursements with program receipts for each function or program of the District's governmental activities. These disbursements are those that are specifically associated with a service, program or department and are therefore clearly identifiable to a particular function. Program receipts include charges paid by the recipient of the 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. Receipts which are not classified as program receipts are presented as general receipts of the District. The comparison of direct disbursements with program receipts identifies the extent to which each business segment or governmental function is self-financing on the cash basis or draws from the general receipts of the District.

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.

**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 appropriation resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified.

**UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT  
WYANDOT COUNTY, OHIO**

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

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

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of account. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Board of Education may appropriate.

The appropriations resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the Board. The legal level of budgetary control selected by the Board is at the fund level for all funds. Any budgetary modifications at this level may only be made by resolution of the Board of Education. Budgetary allocations below the legal level within all funds are made by the District Treasurer. Although the legal level of budgetary control was established at the fund level of expenditures for the general fund, the District has elected to present its respective budgetary statement comparison at the fund and function level of expenditures.

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

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

**F. Cash and Investments**

To improve cash management, cash received by the District is pooled. 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 2011, investments were limited to certificates of deposit, a U.S. Government money market fund and investments in the State Treasurer Asset Reserve of Ohio (STAR Ohio). STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company act of 1940. Investments in STAR Ohio are valued at STAR Ohio's shares prices, which is the price the investment could be sold for on June 30, 2011.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. By policy of the Board of Education, investment earnings are assigned to the general fund. Interest revenue credited to the general fund during fiscal year 2011 amounted to \$14,888, which includes \$2,354 assigned from other funds.

**UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT  
WYANDOT COUNTY, OHIO**

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

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

The beneficial interest in assets held by others is monies held by the Toledo Community Foundation as of fiscal year end in the District's name. The deposits provide the District with interest payments each quarter.

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.

**G. Restricted Assets**

Assets are reported as restricted net assets when limitations on their use change 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. The District did not have any net assets restricted by enabling legislation at year-end.

**H. Capital Assets**

Acquisition of property, plant, and equipment purchased are recorded as disbursements when paid. These items are not reflected as assets on the accompanying financial statements under the cash basis of accounting. Depreciation has not been reported for any capital assets.

**I. Inventory and Prepaid Items**

The District reports disbursements for inventory and prepaid items when paid. These items are not reflected as assets in the accompanying financial statements.

**J. Unpaid Vacation and Sick Leave**

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting.

**K. Employer Contributions to Cost-Sharing Pension Plans**

The District recognizes disbursements for employer contributions to cost-sharing plans when they are paid. As described in Notes 11 and 12, employer contributions include portions for pension benefits and postretirement health care benefits.

**L. Long-Term Obligations**

The District's cash basis financial statements do not report liabilities for bonds and other long-term obligations. Proceeds of debt are reported when cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not the result of a cash transaction, neither an other financing source nor a capital outlay disbursement are reported as inception. Lease payments are reported when paid.



**UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT  
WYANDOT COUNTY, OHIO**

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

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

**M. Interfund Activity**

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements 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 loans are reported as advances-in and advances-out. Advances are not reflected as assets and liabilities in the accompanying financial statements. Interfund transfers and advances are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular disbursements to the funds that initially paid for them are not presented on the basic financial statements. Interfund activity between governmental funds is eliminated on the statement of assets - cash basis and the statement of activities - cash basis. The District had no interfund activity during fiscal year 2011.

**N. Net Cash Assets**

Net cash assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net cash assets restricted for other purposes include resources restricted for food service operations. The District's policy is to first apply restricted resources when a cash disbursement is incurred for purposes for which both restricted and unrestricted net cash assets are available.

**O. Fund Balance**

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

*Nonspendable* - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.

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

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

**UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT  
WYANDOT COUNTY, OHIO**

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

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

*Assigned* - Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes but do not meet the criteria to be classified as restricted nor committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the District Board of Education, which includes giving the Treasurer the authority to constrain monies for intended purposes.

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

The District applies restricted resources first when expenditures are incurred for purposes for which restricted and unrestricted (committed, assigned, and unassigned) fund balance is available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

**P. Stabilization Arrangement**

The Board of Education has committed \$151,993 of fund balance in the general fund to be used for budget stabilization. The Board has committed these funds to cover emergency situations or when revenue shortages or budgetary imbalances arise. The budget stabilization arrangement may be removed by action of the Board of Education at any time.

**Q. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2011.

**R. Parochial School**

Within the District's boundaries, St. Peter Elementary is operated through the Toledo Catholic Diocese. Current state legislation provides funding to the parochial school. These monies are received and disbursed on behalf of the parochial school by the Treasurer of the District, as directed by the parochial school. The receipt and expenditure of these State monies by the District are reflected as a special revenue fund for financial reporting purposes.

**S. Endowment**

The District is the sole beneficiary of an endowment fund held by the Toledo Community Foundation. The Toledo Community Foundation is a not-for-profit corporation organized exclusively for charitable, religious, educational, and scientific purposes. Funds held by the Toledo Community Foundation are disbursed to the District upon request and approval by the Board of Trustees. Since the endowment fund solely benefits the District, the fund balance and financial activity of this fund is included in this report as part of other governmental funds.

**UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT  
WYANDOT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Accounting Principles**

For fiscal year 2011, the District has implemented GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions", and GASB Statement No. 59, "Financial Instruments Omnibus".

GASB Statement No. 54 establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. GASB Statement No. 54 also clarifies the definitions of governmental fund types.

GASB Statement No. 59 updates and improves guidance for financial reporting and disclosure requirements of certain financial instruments and external investment pools. The implementation of GASB Statement No. 59 did not have an effect on the financial statements of the District.

**B. Restatement of Net Assets / Fund Balances**

Fund reclassifications are required in order to report funds in accordance with GASB Statement No 54. The District is restating its Special Revenue balance and Private Purpose Trust balance at June 30, 2010. The prior period adjustment is due to the reclassification of scholarships that benefit individuals instead of the District as a whole. These fund reclassifications had the following effect on the District's governmental fund cash balances as previously reported:

|  | General             | Nonmajor<br>Governmental | Total<br>Governmental | Private-Purpose<br>Trust |
|--|---------------------|--------------------------|-----------------------|--------------------------|
| Fund cash balance as previously reported   | \$ 3,981,581        | \$ 927,825               | \$ 4,909,406          | \$ -                     |
| Fund reclassifications:                    |                     |                          |                       |                          |
| Special trust                              | -                   | (6,661)                  | (6,661)               | 6,661                    |
| Endowment                                  | -                   | (81,387)                 | (81,387)              | 81,387                   |
| Uniform school supplies fund               | 11,528              | (11,528)                 | -                     | -                        |
| Public school fund                         | 33,162              | (33,162)                 | -                     | -                        |
| Special enterprise                         | 9,032               | (9,032)                  | -                     | -                        |
| State/political subdivision fund           | 11,000              | (11,000)                 | -                     | -                        |
| Total fund reclassifications               | <u>64,722</u>       | <u>(152,770)</u>         | <u>(88,048)</u>       | <u>88,048</u>            |
| Restated fund cash balance at July 1, 2010 | <u>\$ 4,046,303</u> | <u>\$ 775,055</u>        | <u>\$ 4,821,358</u>   | <u>\$ 88,048</u>         |

The governmental activities net cash assets at June 30, 2010 equal the restated fund cash balances at June 30, 2010 since there are no adjustments required to convert the fund financial statements to the government-wide financial statements.

**UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT  
WYANDOT COUNTY, OHIO**

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

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)**

**C. Deficit Fund Cash Balances**

Fund cash balances at June 30, 2011 included the following individual fund deficits:

| <u>Nonmajor governmental funds</u> | <u>Deficit</u> |
|------------------------------------|----------------|
| Miscellaneous state grants         | \$ 273         |
| Title VI-B                         | 90,992         |
| Stimulus Title II-D                | 10             |
| Title I                            | 11,395         |
| Title VI                           | 153            |
| Drug free schools                  | 3,276          |
| Improving teacher quality          | 45,791         |

**D. Compliance**

Ohio Administrative Code, Section 117-2-03(B), requires the District to prepare its annual financial report in accordance with generally accepted accounting principles. However, the District prepared its financial statements on a cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The accompanying financial statements omit assets, liabilities, net assets/fund balances, and disclosures that, while material, cannot be determined at this time. The District can be fined and various other administrative remedies may be taken against the District.

The District had appropriations in excess of estimated resources in noncompliance with Ohio Revised Code Sections 5705.36 and 5705.39.

The District had appropriations in excess of actual resources in noncompliance with Ohio Revised Code Section 5705.36(A)(4).

**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.

**UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT  
WYANDOT COUNTY, OHIO**

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

**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 division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool the State Treasury Asset Reserve of Ohio (STAR Ohio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one-hundred-eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

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

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

**A. Cash on Hand**

At fiscal year end, the District had \$3,300 in undeposited cash on hand which is included as part of "equity in pooled cash and cash equivalents."

**UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT  
WYANDOT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

**NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)**

**B. Deposits with Financial Institutions**

At June 30, 2011, the carrying amount of all District deposits was \$3,395,687. Based on the criteria described in GASB Statement No. 40, “Deposits and Investment Risk Disclosures”, as of June 30, 2011, \$2,687,061 of the District’s bank balance of \$3,543,836 was exposed to custodial risk as discussed below, while \$856,775 was covered by the Federal Deposit Insurance Corporation.

Custodial credit risk is the risk that, in the event of bank failure, the District’s deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the District. 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.

**C. Investments**

As of June 30, 2011, the District had the following investments and maturities:

| <u>Investment type</u> | <u>Fair value</u>   | <u>Investment Maturities</u> |
|------------------------|---------------------|------------------------------|
|                        |                     | 6 months or<br>less          |
| STAR Ohio              | \$ 1,763,950        | \$ 1,763,950                 |
| Money market           | 10,000              | 10,000                       |
|                        | <u>\$ 1,773,950</u> | <u>\$ 1,773,950</u>          |

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

*Credit Risk:* The District’s investments, except for STAR Ohio, were rated AAA and Aaa by Standard & Poor’s and Moody’s Investor Services, respectively. Standard & Poor’s has assigned STAR Ohio an AAAM money market rating. The District has no investment policy that would further limit its investment choices.

*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 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.

**UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT  
WYANDOT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

**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, 2011:

| <u>Investment type</u> | <u>Fair Value</u>   | <u>% of Total</u> |
|------------------------|---------------------|-------------------|
| STAR Ohio              | \$ 1,763,950        | 99.45             |
| Money market           | 10,000              | 0.55              |
| Total                  | <u>\$ 1,773,950</u> | <u>100.00</u>     |

**D. Reconciliation of Cash to the Statement of Net Assets**

The following is a reconciliation of cash as reported in the note above to cash as reported on the statement of net assets as of June 30, 2011:

| <u>Cash per footnote</u>                     |                     |
|--|---------------------|
| Carrying amount of deposits                  | \$ 3,395,687        |
| Investments                                  | 1,773,950           |
| Beneficial interest in assets held by others | 11,982              |
| Cash on hand                                 | 3,300               |
| Total  | <u>\$ 5,184,919</u> |

| <u>Cash per statement of net assets</u> |                     |
|---|---------------------|
| Governmental activities                 | \$ 5,061,931        |
| Private-purpose trust                   | 86,928              |
| Agency fund                             | 36,060              |
| Total                                   | <u>\$ 5,184,919</u> |

**NOTE 5 - 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 certain tangible personal (used in business) property located in the District. Real property tax revenues received in calendar year 2011 represent the collection of calendar year 2010 taxes. Real property taxes received in calendar year 2011 were levied after April 1, 2010, on the assessed values as of January 1, 2010, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2011 represent the collection of calendar year 2010 taxes. Public utility real and tangible personal property taxes received in calendar year 2011 became a lien on December 31, 2009, were levied after April 1, 2010, 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.

**UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT  
WYANDOT COUNTY, OHIO**

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

**NOTE 5 - PROPERTY TAXES - (Continued)**

Tangible personal property tax revenues received in the District's fiscal year ended June 30, 2011 (other than public utility property) generally represent the collection of calendar year 2010 taxes levied against local and inter-exchange telephone companies. Tangible personal property taxes received from telephone companies in calendar year 2010 were levied after October 1, 2009 on the value as of December 31, 2009. Amounts paid by multi-county taxpayers were due September 20, 2010. Single county taxpayers could pay annually or semiannually. If paid semiannually, the first payment was due April 30, 2010, with the remainder payable by September 20, 2010.

The District receives property taxes from Wyandot, Marion, and Crawford Counties. The County Auditors periodically advance to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2011, are available to finance fiscal year 2011 operations. The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

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

|   | 2010 Second<br>Half Collections |                | 2011 First<br>Half Collections |                |
|---|---------------------------------|----------------|--------------------------------|----------------|
|   | <u>Amount</u>                   | <u>Percent</u> | <u>Amount</u>                  | <u>Percent</u> |
| Agricultural/residential<br>and other real estate | \$ 210,706,890                  | 96.40          | \$ 221,484,180                 | 96.47          |
| Public utility personal                           | 7,588,270                       | 3.47           | 7,796,260                      | 3.40           |
| Tangible personal property                        | <u>272,440</u>                  | <u>0.13</u>    | <u>310,200</u>                 | <u>0.13</u>    |
| Total   | <u>\$ 218,567,600</u>           | <u>100.00</u>  | <u>\$ 229,590,640</u>          | <u>100.00</u>  |
| Tax rate per \$1,000 of<br>assessed valuation     |                                 | \$35.30        |                                | \$33.70        |

**NOTE 6 - INCOME TAXES**

On November 8, 2005, the District voters passed a .75% income tax levy for current expenses on the income of individuals and estates. The tax was effective on January 1, 2006, and will continue for 5 years. 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. Income tax receipts are recorded in the general fund.



**UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT  
WYANDOT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

**NOTE 7 - NOTES PAYABLE**

The changes in the District's notes payable during fiscal year 2011 were as follows:

|                                 | Balance<br>Outstanding<br>June 30, 2010 | Additions         | Reductions          | Balance<br>Outstanding<br>June 30, 2011 |
|---------------------------------|---|-------------------|---------------------|---|
| <b>Governmental activities:</b> |   |                   |                     |   |
| <i>Bond anticipation notes:</i> |   |                   |                     |   |
| 2010 issue                      | \$ 357,000                              | \$ -              | \$ (357,000)        | \$ -                                    |
| 2011 issue                      | <u>-</u>                                | <u>357,000</u>    | <u>-</u>            | <u>357,000</u>                          |
| Total governmental activities   | <u>\$ 357,000</u>                       | <u>\$ 357,000</u> | <u>\$ (357,000)</u> | <u>\$ 357,000</u>                       |

On June 1, 2005, the District issued a short-term energy conservation improvement bond anticipation note in the amount of \$357,000. All note proceeds were spent in fiscal year 2005. On June 1, 2006, 2007, 2008, 2009 and 2010 the note was rolled-over at 4.50%, 4.50%, 2.75%, 2.50% and 3.00%, respectively. On June 1, 2011, the note was rolled-over again at 1.00%. The bond anticipation note is backed by the full faith and credit of the District and matures within one year.

**NOTE 8 - LONG-TERM OBLIGATIONS**

During the fiscal year 2011, the following changes occurred in the District's long-term obligations:

|                                 | Restated<br>Balance<br>Outstanding<br>June 30, 2010 | Additions   | Reductions         | Balance<br>Outstanding<br>June 30, 2011 | Amounts<br>Due in<br>One Year |
|---------------------------------|---|-------------|--------------------|---|-------------------------------|
| <b>Governmental activities:</b> |   |             |                    |   |                               |
| Energy conservation bonds       | \$ 565,000  | \$ -        | \$ (55,000)        | \$ 510,000                              | \$ 55,000                     |
| Capital leases*                 | <u>124,557</u>                                      | <u>-</u>    | <u>(43,097)</u>    | <u>81,460</u>                           | <u>39,552</u>                 |
| Total governmental activities   | <u>\$ 689,557</u>                                   | <u>\$ -</u> | <u>\$ (98,097)</u> | <u>\$ 591,460</u>                       | <u>\$ 94,552</u>              |

Energy conservation improvement bonds totaling \$850,000 were issued on July 28, 2004, to provide for energy conservation measures for the District. The bonds were issued with a variable interest rate ranging from 2-5%, for a fifteen-year period, with final maturity in fiscal year 2019.

\*The June 30, 2010 capital lease balance was restated in order to record a lease that was entered into during fiscal year 2010.

**UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT  
WYANDOT COUNTY, OHIO**

NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

**NOTE 8 - LONG-TERM OBLIGATIONS - (Continued)**

Principal and interest requirements to retire the energy conservation bonds at June 30, 2011, are as follows:

| Fiscal<br>Year Ended | Principal         | Interest          | Total             |
|----------------------|-------------------|-------------------|-------------------|
| 2012                 | \$ 55,000         | \$ 23,635         | \$ 78,635         |
| 2013                 | 55,000            | 21,353            | 76,353            |
| 2014                 | 60,000            | 18,933            | 78,933            |
| 2015                 | 60,000            | 16,263            | 76,263            |
| 2016                 | 65,000            | 12,810            | 77,810            |
| 2017-2019            | <u>215,000</u>    | <u>20,904</u>     | <u>235,904</u>    |
| Total                | <u>\$ 510,000</u> | <u>\$ 113,898</u> | <u>\$ 623,898</u> |

The capital lease obligation is discussed in Note 9.

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 use 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, 2011, are a voted debt margin of \$20,668,102 (including available funds of \$4,944) and an unvoted debt margin of \$229,591.

**NOTE 9 - CAPITAL LEASES**

The District leases computers under noncancelable leases. The District disbursed \$44,404 to pay lease costs for the fiscal year ended June 30, 2011. Future lease payments are as follows:

| Year                         | Amount           |
|------------------------------|------------------|
| 2012                         | \$ 44,404        |
| 2013                         | <u>44,404</u>    |
| Total                        | 88,808           |
| Amount representing interest | <u>(7,348)</u>   |
| Principal outstanding        | <u>\$ 81,460</u> |

**UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT  
WYANDOT COUNTY, OHIO**

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

**NOTE 10 - RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2011, the District contracted with various companies for the following insurance coverage:

|   |               |
|---|---------------|
| Buildings and contents - replacement cost | \$ 35,190,135 |
| Automobile liability                      | 3,000,000     |
| General liability:                        |               |
| Per occurrence                            | 3,000,000     |
| Aggregate                                 | 5,000,000     |

Settled claims have not exceeded this commercial coverage in any of the past three years, and there has been no significant reduction in insurance coverage from the prior fiscal year.

OSBA Workers' Compensation Group Rating Program - The District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP) established in April 1991. The program was created by the Ohio School Boards Association as a result of the Workers' Compensation group rating plan, as defined in Ohio Revised Code Section 4123.29. The GRP plan will allow school districts to group together to potentially achieve a lower premium rate than they may otherwise be able to acquire as individual employers. Each participant pays its workers' compensation premium to the State based on the rate of the GRP plan rather than its individual rate.

Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP plan. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP plan. Participation in the GRP plan is limited to school districts that can meet the GRP plan's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control, and actuarial services to the GRP plan.

Wyandot-Crawford Health Benefit Plan - Beginning in fiscal year 1997, the District participated in the Wyandot-Crawford Health Benefit Plan (the "Plan"), a public entity shared risk pool consisting of five school districts, operating as a common risk management and insurance program for the member districts. The District pays monthly premiums to the Plan for insurance coverage. The Plan is responsible for the management and operations of the program. Upon withdrawal from the Plan, the participant is responsible for the payment of all Plan liabilities to its employees, dependents, and designated beneficiaries accruing as a result of withdrawal.

**NOTE 11 - 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, disability, survivor 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](http://www.ohsers.org), under *Media/Financial Reports*.

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WYANDOT COUNTY, OHIO**

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

**NOTE 11 - PENSION PLANS - (Continued)**

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 2011, 11.77 percent and 0.04 percent of annual covered salary was the portion used to fund pension obligations and death benefits, respectively. 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 and death benefits to SERS for the fiscal years ended June 30, 2011, 2010 and 2009 were \$227,636, \$279,410 and \$257,334, respectively; 100 percent has been contributed for fiscal years 2011, 2010 and 2009.

**B. State Teachers Retirement System of Ohio**

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

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

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

Funding Policy - For fiscal year 2011, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

**UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT  
WYANDOT COUNTY, OHIO**

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

**NOTE 11 - PENSION PLANS - (Continued)**

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2011, 2010 and 2009 were \$897,126, \$970,934 and \$952,985, respectively; 100 percent has been contributed for fiscal years 2011, 2010 and 2009.

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the SERS/STRS Ohio have an option to choose Social Security or the SERS/STRS Ohio. As of June 30, 2011, certain members of the Board of Education have elected Social Security. The District's liability is 6.2 percent of wages paid.

**NOTE 12 - POSTEMPLOYMENT BENEFITS**

**A. School Employees Retirement System**

Plan Description - The District participates in two cost-sharing, multiple employer postemployment benefit plans administered by the School Employees Retirement System (SERS) for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Chapter 3309.69 of the Ohio Revised Code. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2011 was \$96.40 and SERS' reimbursement to retirees was \$45.50. 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. It is also posted on the SERS' Ohio website, [www.ohsers.org](http://www.ohsers.org), under *Media/Financial Reports*.

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 2011, 1.43 percent of covered payroll was allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the statewide SERS-covered payroll for the health care surcharge. For fiscal year 2011, the actuarially determined amount was \$35,800.

Active members do not contribute to the postemployment benefit plans. The Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility and retirement status.

**UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT  
WYANDOT COUNTY, OHIO**

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

**NOTE 12 - POSTEMPLOYMENT BENEFITS - (Continued)**

The District's contributions for health care (including surcharge) for the fiscal years ended June 30, 2011, 2010, and 2009 were \$53,729, \$79,033 and \$76,465, respectively; 100 percent has been contributed for fiscal years 2011, 2010 and 2009.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2011, this actuarially required allocation was 0.76 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2011, 2010, and 2009 were \$14,649, \$15,168 and \$13,786, respectively; 100 percent has been contributed for fiscal years 2011, 2010 and 2009.

**B. State Teachers Retirement System of Ohio**

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

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2011, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2011, 2010 and 2009 were \$69,010, \$69,352 and \$68,070, respectively; 100 percent has been contributed for fiscal years 2011, 2010 and 2009.

**NOTE 13 - 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 involved in no material litigation as either plaintiff or defendant.

**UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT  
WYANDOT COUNTY, OHIO**

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

**NOTE 14 - BUDGETARY BASIS OF ACCOUNTING**

While the District is reporting financial position, results of operations and changes in fund balances on the cash basis, the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The statement of receipts, disbursements and changes in fund balance - budget and actual (budgetary basis) presented for the general fund and major special revenue fund is presented on the budgetary basis to provide meaningful comparison of actual results with the budget. The difference between the budget basis and the cash basis is outstanding year end encumbrances are treated as disbursements (budget) rather than an assignment of fund balance (cash) and some funds are included in the general fund on the cash basis but not on the budgetary basis.

The following table summarized the adjustments necessary to reconcile the cash basis statement to the budgetary basis statement:

**Net Change in Fund Cash Balance**

|                             | <u>General</u>    |
|-----------------------------|-------------------|
| Cash basis                  | \$ 518,124        |
| Adjustment for encumbrances | (12,460)          |
| Funds budgeted elsewhere**  | <u>6,637</u>      |
| Budget basis                | <u>\$ 512,301</u> |

\*\* As part of Governmental Accounting Standards Board Statement No. 54, "Fund Balance Reporting", certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a cash basis.

**UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT  
WYANDOT COUNTY, OHIO**

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

**NOTE 15 - SET ASIDES**

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 fiscal 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 fiscal year-end set-aside amounts for textbooks and capital improvements. Disclosure of this information is required by State statute.

|   | <u>Textbooks</u>    | <u>Capital<br/>Improvements</u> |
|---|---------------------|---------------------------------|
| Set-aside reserve balance June 30, 2010                                     | \$ -                | \$ -                            |
| Current year set-aside requirement  | 251,963             | 251,963                         |
| Contributions in excess of the current<br>fiscal year set-aside requirement | -                   | -                               |
| Current year qualifying disbursements                                       | (297,375)           | (330,762)                       |
| Excess qualified disbursements from prior years                             | (210,294)           | -                               |
| Current year offsets  | -                   | -                               |
| Waiver granted by ODE   | -                   | -                               |
| Prior year offset from bond proceeds  | -                   | -                               |
| Total   | <u>\$ (255,706)</u> | <u>\$ (78,799)</u>              |
| Balance carried forward to fiscal year 2012                                 | <u>\$ -</u>         | <u>\$ -</u>                     |
| Set-aside reserve balance June 30, 2011                                     | <u>\$ -</u>         | <u>\$ -</u>                     |

The District had qualifying disbursements and offsets during the fiscal year that reduced the textbook set-aside amount to below zero. Effective July 1, 2011, the textbook set-aside is no longer required and has been removed from existing law. This negative balance is therefore not being presented as being carried forward to the future fiscal year. Although the District had qualifying disbursements and offsets during the fiscal year that reduced the set-aside amount to below zero for the capital improvements set-aside, this amount may not be used to reduce the set-aside requirement for future fiscal years. The negative balance is therefore not presented as being carried forward to future fiscal years.

The District also had \$151,993 committed for budget stabilization.



**UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT  
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NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

**NOTE 16 - OTHER COMMITMENTS**

The District utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year-end may be reported as part of restricted, committed, or assigned classifications of fund balance. At year end, the District's commitments for encumbrances in the governmental funds were as follows:

|                             | Year-End<br><u>Encumbrances</u> |
|-----------------------------|---------------------------------|
| General fund                | \$ 12,660                       |
| Nonmajor governmental funds | <u>173,047</u>                  |
| Total                       | <u>\$ 185,707</u>               |

## **SUPPLEMENTARY DATA**

**UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT  
SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

| FEDERAL GRANTOR/<br>SUB GRANTOR/<br>PROGRAM TITLE   | CFDA<br>NUMBER | (A)<br>PASS-THROUGH<br>GRANT<br>NUMBER | (B)<br>CASH<br>FEDERAL<br>RECEIPTS | (B)<br>CASH<br>FEDERAL<br>DISBURSEMENTS |
|---|----------------|--|------------------------------------|---|
| <b>U.S. DEPARTMENT OF AGRICULTURE<br/>PASSED THROUGH THE<br/>OHIO DEPARTMENT OF EDUCATION</b> |                |  |                                    |   |
| <b>Child Nutrition Cluster</b>  |                |  |                                    |   |
| (C) (D) School Breakfast Program  | 10.553         | 2011                                   | \$ 51,751                          | \$ 51,751                               |
| (D) (E) National School Lunch Program   | 10.555         | 2011                                   | 274,288                            | 274,288                                 |
| (C) (D) National School Lunch Program - Food Donation   | 10.555         | 2011                                   | 4,095                              | 4,095                                   |
| <b>Total National School Lunch Program</b>  |                |  | <u>278,383</u>                     | <u>278,383</u>                          |
| <b>Total Child Nutrition Cluster</b>  |                |  | <u>330,134</u>                     | <u>330,134</u>                          |
| <b>Total U.S. Department of Agriculture and Child Nutrition Cluster</b>                       |                |  | <u>330,134</u>                     | <u>330,134</u>                          |
| <b>U.S. DEPARTMENT OF EDUCATION<br/>PASSED THROUGH THE<br/>OHIO DEPARTMENT OF EDUCATION</b>   |                |  |                                    |   |
| <b>Title I Grant Cluster</b>  |                |  |                                    |   |
| (F) Title I Grants to Local Educational Agencies  | 84.010         | 2010                                   | 29,584                             | 23,211                                  |
| (F) Title I Grants to Local Educational Agencies  | 84.010         | 2011                                   | 140,004                            | 155,870                                 |
| <b>Total Title I Grants to Local Educational Agencies</b>                                     |                |  | <u>169,588</u>                     | <u>179,081</u>                          |
| (F) ARRA - Title I Grants to Local Educational Agencies, Recovery Act                         | 84.389         | 2010                                   | 3,440                              | -                                       |
| (F) ARRA - Title I Grants to Local Educational Agencies, Recovery Act                         | 84.389         | 2011                                   | 47,834                             | 47,834                                  |
| <b>Total Title I Grants to Local Educational Agencies, Recovery Act</b>                       |                |  | <u>51,274</u>                      | <u>47,834</u>                           |
| <b>Total Title I Grant Cluster</b>  |                |  | <u>220,862</u>                     | <u>226,915</u>                          |
| <b>Special Education Grant Cluster</b>  |                |  |                                    |   |
| (G) Special Education_Grants to States  | 84.027         | 2010                                   | 68,442                             | 32,158                                  |
| (G) Special Education_Grants to States  | 84.027         | 2011                                   | 209,877                            | 241,849                                 |
| <b>Total Special Education_Grants to States</b>   |                |  | <u>278,319</u>                     | <u>274,007</u>                          |
| (G) ARRA-Special Education Grants to States, Recovery Act                                     | 84.391         | 2010                                   | 3,777                              | -                                       |
| (G) ARRA-Special Education Grants to States, Recovery Act                                     | 84.391         | 2011                                   | 283,177                            | 307,111                                 |
| <b>Total Special Education_Grants to States, Recovery Act</b>                                 |                |  | <u>286,954</u>                     | <u>307,111</u>                          |
| <b>Total Special Education Grant Cluster</b>  |                |  | <u>565,273</u>                     | <u>581,118</u>                          |
| Safe and Drug-Free Schools and Communities_State Grants                                       | 84.186         | 2011                                   | 1,500                              | 1,500                                   |
| Education Technology State Grants   | 84.318         | 2011                                   | 568                                | 568                                     |
| Improving Teacher Quality State Grants  | 84.367         | 2011                                   | 74,515                             | 89,430                                  |
| <b>Total Improving Teach Quality State Grants</b>   |                |  | <u>74,515</u>                      | <u>89,430</u>                           |
| ARRA-State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act            | 84.394         | 2010                                   | -                                  | 90,082                                  |
| ARRA-State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act            | 84.394         | 2011                                   | 484,700                            | 484,700                                 |
| <b>Total State Fiscal Stabilization Fund</b>  |                |  | <u>484,700</u>                     | <u>574,782</u>                          |
| <b>Total U.S. Department of Education</b>   |                |  | <u>1,347,418</u>                   | <u>1,474,313</u>                        |
| <b>Total Federal Financial Assistance</b>   |                |  | <u>\$ 1,677,552</u>                | <u>\$ 1,804,447</u>                     |

**NOTES TO THE SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS:**

- (A) OAKS did not assign pass through numbers for fiscal year 2010 or 2011
- (B) This schedule was prepared on the cash basis of accounting.
- (C) Commingled with state and local revenue from sales of lunches; assumed expenditures were made on a first-in, first-out basis
- (D) Included as part of "Child Nutrition Cluster" in determining major programs
- (E) The Food Donation Program is a non-cash, in kind, federal grant. Commodities are valued at entitlement value
- (F) Included as part of "Title I Grant Cluster" in determining major programs.
- (G) Included as part of "Special Education Grant Cluster" in determining major programs.



**Julian & Grube, Inc.**  
*Serving Ohio Local Governments*

333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

**Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards***

Upper Sandusky Exempted Village School District  
800 North Sandusky Avenue, Suite A  
Upper Sandusky, Ohio 43351

To the Board of Education:

We have audited the financial statements of the governmental activities, its major fund, and the aggregate remaining fund information of Upper Sandusky Exempted Village School District, Wyandot County, Ohio, as of and for the fiscal year ended June 30, 2011, which collectively comprise the Upper Sandusky Exempted Village School District's basic financial statements and have issued our report thereon dated November 23, 2011, wherein we noted the Upper Sandusky Exempted Village School District uses a comprehensive accounting basis other than generally accepted accounting principles. We also noted that the Upper Sandusky Exempted Village School District adopted Governmental Accounting Standards Board Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions. 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 Upper Sandusky Exempted Village School District's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the Upper Sandusky Exempted Village School District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Upper Sandusky Exempted Village School District's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Upper Sandusky Exempted Village School District's financial statements will not be prevented, or detected and timely corrected.

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

Board of Education  
Upper Sandusky Exempted Village School District

Compliance and Other Matters

As part of reasonably assuring whether the Upper Sandusky Exempted Village School 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 four instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings and responses as items 2011-USEVSD-001 through 2011-USEVSD-004.

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

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



Julian & Grube, Inc.  
November 23, 2011



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333 County Line Rd. West, Westerville, OH 43082 Phone: 614.846.1899 Fax: 614.846.2799

**Independent Accountants' Report on Compliance with Requirements Applicable to Each  
Major Federal Program and on Internal Control Over  
Compliance Required by OMB Circular A-133**

Upper Sandusky Exempted Village School District  
800 North Sandusky Avenue, Suite A  
Upper Sandusky, Ohio 43351

To the Board of Education:

Compliance

We have audited the compliance of the Upper Sandusky Exempted Village School District, Wyandot County, Ohio, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect the Upper Sandusky Exempted Village School District's major federal programs for the fiscal year ended June 30, 2011. The summary of auditor's results section of the accompanying schedule of findings and responses identifies the Upper Sandusky Exempted Village School District's major federal programs. The Upper Sandusky Exempted Village School 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 Upper Sandusky Exempted Village School 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 included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the Upper Sandusky Exempted Village School 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 Upper Sandusky Exempted Village School District's compliance with those requirements.

In our opinion, the Upper Sandusky Exempted Village School District complied, in all material respects, with the requirements referred to above that apply to each of its major federal programs for the fiscal year ended June 30, 2011.

Board of Education  
Upper Sandusky Exempted Village School District

Internal Control Over Compliance

The Upper Sandusky Exempted Village School 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 Upper Sandusky Exempted Village School District's internal control over compliance with requirements that could directly and materially affect a major federal program, to determine our auditing procedures for the purpose of opining on compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Upper Sandusky Exempted Village School District's internal control over compliance.

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

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

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



Julian & Grube, Inc.  
November 23, 2011

**UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT  
WYANDOT COUNTY, OHIO**

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

| <b>1. SUMMARY OF AUDITOR'S RESULTS</b> |   |  |
|--|---|--|
| <i>(d)(1)(i)</i>                       | <i>Type of Financial Statement Opinion</i>  | Unqualified  |
| <i>(d)(1)(ii)</i>                      | <i>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</i>                  | No   |
| <i>(d)(1)(ii)</i>                      | <i>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</i> | No   |
| <i>(d)(1)(iii)</i>                     | <i>Was there any reported material noncompliance at the financial statement level (GAGAS)?</i>                        | Yes  |
| <i>(d)(1)(iv)</i>                      | <i>Were there any material internal control weaknesses reported for major federal programs?</i>                       | No   |
| <i>(d)(1)(iv)</i>                      | <i>Were there any significant deficiencies in internal control reported for major federal programs?</i>               | No   |
| <i>(d)(1)(v)</i>                       | <i>Type of Major Programs' Compliance Opinion</i>   | Unqualified  |
| <i>(d)(1)(vi)</i>                      | <i>Are there any reportable findings under §.510(a)?</i>  | No   |
| <i>(d)(1)(vii)</i>                     | <i>Major Programs (listed):</i>   | ARRA-State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act, CFDA #84.394; Special Education Cluster: Special Education Grants to States, CFDA #84.027; ARRA-Special Education Grants to States, Recovery Act, CFDA #84.391 |
| <i>(d)(1)(viii)</i>                    | <i>Dollar Threshold: Type A/B Programs</i>  | Type A: > \$300,000<br>Type B: all others  |
| <i>(d)(1)(ix)</i>                      | <i>Low Risk Auditee?</i>  | Yes  |



**UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT  
WYANDOT COUNTY, OHIO**

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

| <b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS<br/>REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b> |                 |
|---|-----------------|
| Finding Number  | 2011-USEVSD-001 |

**Noncompliance**

Ohio Revised Code Section 117.38 provides each public office shall file a financial report for each fiscal year. The Auditor of State may prescribe forms by rule or may issue guidelines, or both, for such reports. If the Auditor of State has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office. Ohio Administrative Code Section 117-2-03 further clarifies the requirements of Ohio Rev. Code Section 117.38.

Ohio Administrative Code Section 117-2-03(B) requires the District to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America (GAAP). The District prepares its financial statements in accordance with the cash basis of accounting in a report format similar to the requirements of Governmental Accounting Standards Board Statement 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. This presentation differs from (GAAP). There would be variances on the financial statements between this accounting practice and GAAP that, while presumably material, cannot be reasonably determined at this time. Failure to prepare proper GAAP financial statements may result in the District being fined or other administrative remedies.

The District should prepare its financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP).

Client Response: The District is aware of the requirements to file financial statements in accordance with GAAP; however, after performing a cost-benefit analysis, the District has elected to prepare its financial statements utilizing the cash basis of accounting.

|                |                 |
|----------------|-----------------|
| Finding Number | 2011-USEVSD-002 |
|----------------|-----------------|

Ohio Revised Code Section 5705.39 states that the total appropriation from each fund shall not exceed the total estimated revenue.

The following funds had appropriations in excess of total estimated resources at June 30, 2011:

| <u>Nonmajor Governmental Funds:</u> | <u>Estimated<br/>Resources</u> | <u>Appropriations</u> | <u>Excess</u> |
|-------------------------------------|--------------------------------|-----------------------|---------------|
| Title VI-B                          | \$ 656,180                     | \$ 731,203            | \$ 75,023     |
| Title I                             | 226,842                        | 233,606               | 6,764         |
| Title II-A                          | 93,420                         | 124,296               | 30,876        |

By appropriating more funds than estimated resources, the District is at risk of spending more money than is available. This may result in negative fund balances.

**UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT  
WYANDOT COUNTY, OHIO**

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

| <b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS<br/>REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)</b> |                               |
|---|-------------------------------|
| Finding Number  | 2011-USEVSD-002 - (Continued) |

We recommend the District file an amended certificate of estimated resources or amended appropriation measure when appropriations are expected to be greater than estimated resources to ensure that appropriations for the year do not exceed the estimate resources for the year.

*Client Response:* The District will file an Amended Certificate more often during the fiscal year to address the related issues.

|                |                 |
|----------------|-----------------|
| Finding Number | 2011-USEVSD-003 |
|----------------|-----------------|

Ohio Revised Code Sections 5705.36, in part, requires Districts to certify to the County Auditor the total amount from all sources which are available for expenditures from each fund in the tax budget along with any unencumbered balances that existed at the end of the preceding year.

The District did not request enough amended certificates throughout the fiscal year upon notice of increased or decreased resources.

The District is not properly certifying its most current estimated resources to the appropriate authorities and thus causing appropriations to exceed estimated resources.

We recommend that the District certify its available sources at year end and file amended certificates as necessary throughout the fiscal year. This will facilitate the District's appropriation process.

*Client Response:* The District will file an Amended Certificate more often during the fiscal year to address the related issues.

|                |                 |
|----------------|-----------------|
| Finding Number | 2011-USEVSD-004 |
|----------------|-----------------|

Ohio Revised Code Section 5705.36 (A)(4) states that upon a determination by the fiscal officer of a subdivision that the revenue to be collected by the subdivision will be less than the amount included in an official certificate and that the amount of the deficiency will reduce available resources below the level of current appropriations, the fiscal officer shall certify the amount of the deficiency to the commission, and the commission shall certify an amended certificate reflecting the deficiency.

At June 30, 2011, the District had appropriations greater than actual resources, in the following funds:

| <u>Nonmajor Governmental Funds:</u> | <u>Actual<br/>Resources</u> | <u>Appropriations</u> | <u>Excess</u> |
|-------------------------------------|-----------------------------|-----------------------|---------------|
| Title VI-B                          | \$ 490,250                  | \$ 731,203            | \$ 240,953    |
| Title II-A                          | 43,639                      | 124,296               | 80,657        |

By appropriating more funds than actual resources, the District is at risk of spending more money than is available; this may result in negative fund balances.

UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT  
WYANDOT COUNTY, OHIO

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

| <b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS<br/>REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)</b> |                               |
|---|-------------------------------|
| Finding Number  | 2011-USEVSD-004 - (Continued) |

We recommend the District monitor appropriations in comparison to actual resources and obtain decreased amended appropriations as needed. Further guidance may be found in Auditor of State Bulletin 97-010.

*Client Response:* The District will attempt to monitor appropriations closer throughout the fiscal year to address the related issues.

|  |
|--|
| <b>3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS</b> |
|--|

None

**UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT  
WYANDOT COUNTY, OHIO**

**STATUS OF PRIOR AUDIT FINDINGS  
OMB CIRCULAR A-133 § .505  
JUNE 30, 2011**

| <b>Finding Number</b> | <b>Finding Summary</b>  | <b>Fully Corrected?</b> | <b>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; Finding no Longer Valid</b> |
|-----------------------|---|-------------------------|---|
| 2010-USEVSD-001       | Ohio Administrative Code Section 117-2-03(B) requires the District to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America (GAAP).   | No                      | Repeated as finding 2011-USEVSD-001   |
| 2010-USEVSD-002       | Ohio Revised Code Section 5705.39 states that the total appropriation from each fund shall not exceed the total estimated revenue.  | No                      | Repeated as finding 2011-USEVSD-002   |
| 2010-USEVSD-003       | Ohio Revised Code Section 5705.36 requires Districts to certify to the County Auditor the total amount from all sources which are available for expenditures from each fund in the tax budget along with any unencumbered balances that existed at the end of the preceding year.   | No                      | Repeated as finding 2011-USEVSD-003   |
| 2010-USEVSD-004       | Ohio Revised Code Section 5705.36(A)(4) states that upon determination by the Fiscal Officer of a subdivision that the revenue to be collected by the subdivision will be less than the amount included in an official certificate and that the amount of the deficiency will reduce available resources below the level of current appropriations. | No                      | Repeated as finding 2011-USEVSD-004   |



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**Independent Accountant's Report on Applying Agreed-Upon Procedures**

Upper Sandusky Exempted Village School District  
800 North Sandusky Avenue, Suite A  
Upper Sandusky, OH 43351

To the Board of Education:

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

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

1. We noted the Board amended its anti-harassment policy at its meeting on January 10, 2011 to include violence within a dating relationship within its definition of harassment, intimidation or bullying.

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

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

Julian & Grube, Inc.  
November 23, 2011

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# Dave Yost • Auditor of State

UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT

WYANDOT COUNTY

## CLERK'S CERTIFICATION

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

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
JANUARY 12, 2012