

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

**SINGLE AUDIT**

**FOR THE YEAR ENDED JUNE 30, 2005**



**Auditor of State  
Betty Montgomery**



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

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

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

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Clyde-Green Springs Exempted Village School District, Sandusky County, Ohio (the District), as of and for the year ended June 30, 2005, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Clyde-Green Springs Exempted Village School District, Sandusky County, Ohio, as of June 30, 2005, and the respective changes in financial position thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 22, 2006, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

March 22, 2006

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005  
UNAUDITED**

The discussion and analysis of the Clyde-Green Springs Exempted Village School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2005. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

**Financial Highlights**

Key financial highlights for 2005 are as follows:

- In total, net assets of governmental activities increased \$176,099 which represents a 2.92% increase from 2004.
- General revenues accounted for \$16,512,781 in revenue or 83.44% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$3,277,990 or 16.56% of total revenues of \$19,790,771.
- The District had \$19,614,672 in expenses related to governmental activities; only \$3,277,990 of these expenses was offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$16,512,781 were adequate to provide for these programs.
- The District's major governmental funds are the general fund and building fund. The general fund had \$15,440,233 in revenues and other financing sources and \$16,621,444 in expenditures. During fiscal year 2005, the general fund's fund balance decreased \$1,191,678 from \$667,512 to a deficit of \$524,166.
- The District's other major governmental fund is the building fund. The building fund had \$140,765 in revenues and \$2,630,842 in expenditures. During fiscal year 2005, the building fund's fund balance decreased \$2,490,077 from \$2,516,120 to \$26,043.

**Using these Basic Financial Statements**

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

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005  
UNAUDITED  
(Continued)**

**Reporting the District as a Whole**

***Statement of Net Assets and the Statement of Activities***

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2005?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include all assets, liabilities, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the Statement of Net Assets and the Statement of Activities, the Governmental Activities include the District's programs and services, including instruction, support services, operation and maintenance of plant, pupil transportation, extracurricular activities, and food service operations.

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

***Fund Financial Statements***

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

***Governmental Funds***

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005  
UNAUDITED  
(Continued)**

***Reporting the District's Fiduciary Responsibilities***

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

***Notes to the Basic Financial Statements***

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

**The District as a Whole**

The Statement of Net Assets provides the perspective of the District as a whole.

The table below provides a summary of the District's net assets for 2005 and 2004.

	<b>Net Assets</b>	
	Governmental Activities <u>2005</u>	Governmental Activities <u>2004</u>
<b><u>Assets</u></b>		
Current and other assets	\$ 8,687,313	\$ 11,715,052
Capital assets, net	<u>11,795,860</u>	<u>9,279,143</u>
Total assets	<u>20,483,173</u>	<u>20,994,195</u>
<b><u>Liabilities</u></b>		
Current liabilities	7,206,006	7,620,522
Long-term liabilities	<u>7,074,300</u>	<u>7,346,905</u>
Total liabilities	<u>14,280,306</u>	<u>14,967,427</u>
<b><u>Net Assets</u></b>		
Invested in capital assets, net of related debt	6,865,463	4,070,037
Restricted	568,853	2,929,842
Unrestricted (deficit)	<u>(1,231,449)</u>	<u>(973,111)</u>
Total net assets	<u>\$ 6,202,867</u>	<u>\$ 6,026,768</u>

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2005, the District's assets exceeded liabilities by \$6,202,867. Of this total, \$568,853 is restricted in use.

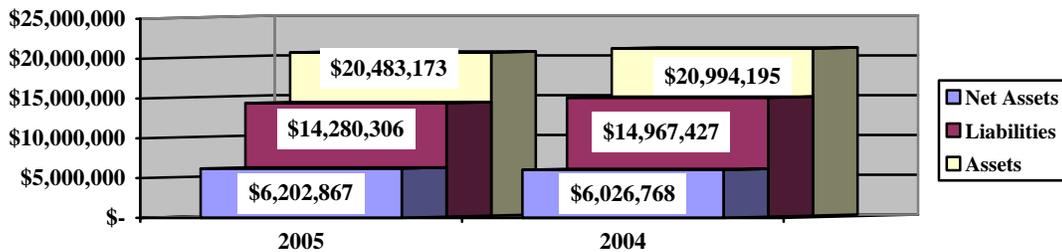
**CLYDE-GREEN SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT  
SANDUSKY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005  
UNAUDITED  
(Continued)**

At year-end, capital assets represented 57.59% of total assets. Capital assets include land, improvements other than buildings, buildings and improvements, furniture and equipment, and vehicles. Capital assets, net of related debt to acquire the assets at June 30, 2005, were \$6,865,463. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District's net assets, \$568,853, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets is a deficit of \$1,231,449.

**Governmental Activities**



The table below shows the change in net assets for fiscal years 2005 and 2004.

**Change in Net Assets**

	Governmental Activities 2005	Governmental Activities 2004
<b>Revenues</b>		
Program revenues:		
Charges for services and sales	\$ 830,685	\$ 804,007
Operating grants and contributions	2,310,045	1,470,342
Capital grants and contributions	137,260	342,579
General revenues:		
Property taxes	7,151,807	5,533,603
Payments in lieu of taxes	367,462	408,144
Grants and entitlements	8,591,717	8,956,538
Investment earnings	297,412	213,316
Other	104,383	105,135
<b>Total revenues</b>	<b>19,790,771</b>	<b>17,833,664</b>

(continued)

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005  
UNAUDITED  
(Continued)**

	<b>Change in Net Assets</b>	
	Governmental Activities 2005	Governmental Activities 2004
<u><b>Expenses</b></u>		
Program expenses:		
Instruction:		
Regular	\$ 8,711,329	\$ 9,004,438
Special	2,408,263	2,346,792
Vocational	104,587	73,578
Other	103,972	60,641
Support services:		
Pupil	1,104,146	1,071,768
Instructional staff	686,227	724,347
Board of education	29,789	29,845
Administration	1,635,707	1,631,811
Fiscal	445,938	437,486
Business	5,971	4,780
Operations and maintenance	1,585,247	1,635,461
Pupil transportation	921,902	928,780
Central	44,643	29,258
Operations of non-instructional services		15,681
Extracurricular activities	670,299	649,516
Food service operations	693,857	852,697
Intergovernmental pass through	56,118	60,279
Interest and fiscal charges	406,677	372,238
Total expenses	<u>19,614,672</u>	<u>19,929,396</u>
Change in net assets	176,099	(2,095,732)
Net assets at beginning of year	<u>6,026,768</u>	<u>8,122,500</u>
Net assets at end of year	<u>\$ 6,202,867</u>	<u>\$ 6,026,768</u>

**Governmental Activities**

Net assets of the District's governmental activities increased \$176,099. Total governmental expenses of \$19,614,672 were offset by program revenues of \$3,277,990 and general revenues of \$16,512,781. Program revenues supported 13.28% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes, and grants and entitlements. These revenue sources represent 81.41% of total governmental revenue.

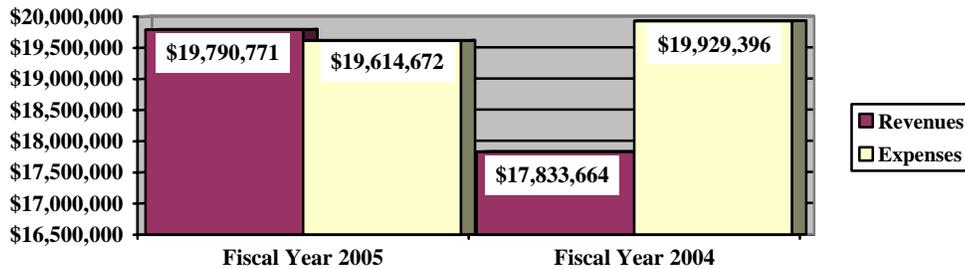
**CLYDE-GREEN SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT  
SANDUSKY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005  
UNAUDITED  
(Continued)**

The largest expense of the District is for instructional programs. Instruction expenses totaled \$11,328,151 or 57.75% of total governmental expenses for fiscal 2005.

The graph below presents the District's governmental activities revenue and expenses for fiscal year 2005 and 2004.

**Governmental Activities - Revenues and Expenses**



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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005  
UNAUDITED  
(Continued)**

**Governmental Activities**

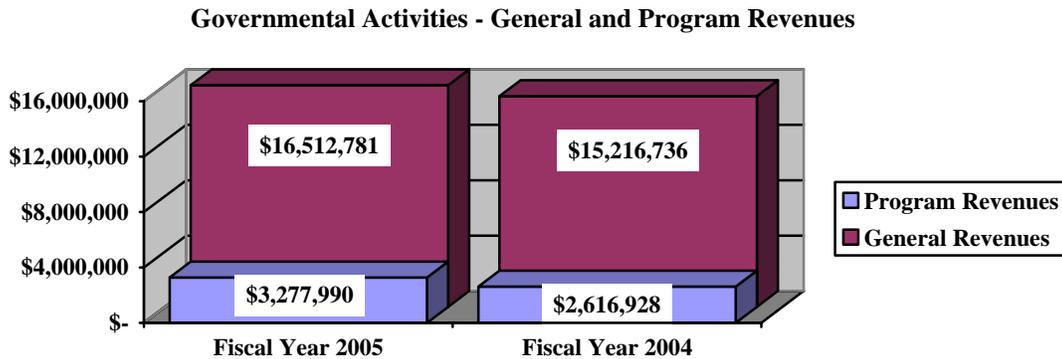
	Total Cost of Services <u>2005</u>	Net Cost of Services <u>2005</u>	Total Cost of Services <u>2004</u>	Net Cost of Services <u>2004</u>
<b>Program expenses</b>				
Instruction:				
Regular	\$ 8,711,329	\$ 8,275,475	\$ 9,004,438	\$ 8,383,206
Special	2,408,263	976,636	2,346,792	1,750,739
Vocational	104,587	93,491	73,578	73,578
Other	103,972	103,972	60,641	60,641
Support services:				
Pupil	1,104,146	960,883	1,071,768	966,425
Instructional staff	686,227	674,414	724,347	710,719
Board of education	29,789	29,789	29,845	29,845
Administration	1,635,707	1,500,059	1,631,811	1,546,694
Fiscal	445,938	438,655	437,486	436,190
Business	5,971	5,971	4,780	4,780
Operations and maintenance	1,585,247	1,571,075	1,635,461	1,624,541
Pupil transportation	921,902	882,178	928,780	926,389
Central	44,643	15,340	29,258	14,258
Operations of non-instructional services			15,681	3,031
Extracurricular activities	670,299	442,113	649,516	329,393
Intergovernmental pass through	56,118	10,105	60,279	15,222
Food service operations	693,857	(50,151)	852,697	64,579
Interest and fiscal charges	<u>406,677</u>	<u>406,677</u>	<u>372,238</u>	<u>372,238</u>
 Total expenses	 <u>\$ 19,614,672</u>	 <u>\$ 16,336,682</u>	 <u>\$ 19,929,396</u>	 <u>\$ 17,312,468</u>

The dependence upon tax and other general revenues for governmental activities is apparent, 83.42% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 83.29%. The District's taxpayers, as a whole, are by far the primary support for District's students.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005  
UNAUDITED  
(Continued)**

The graph below presents the District's governmental activities revenue for fiscal year 2005 and 2004.



**The District's Funds**

The District's governmental funds reported a combined fund balance of \$202,152, which is lower than last year's total of \$3,662,906. The June 30, 2004, fund balances have been restated as described in Note 3.A. to the basic financial statements. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2005 and 2004.

	Fund Balance June 30, 2005	Restated Fund Balance June 30, 2004	Increase (Decrease)
General	\$ (524,166)	\$ 667,512	\$(1,191,678)
Building	26,043	2,516,120	(2,490,077)
Other Governmental	700,275	479,274	221,001
<b>Total</b>	<b>\$ 202,152</b>	<b>\$3,662,906</b>	<b>\$(3,460,754)</b>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005  
UNAUDITED  
(Continued)**

**General Fund**

The District's general fund balance decreased \$1,191,678. The decrease in fund balance can be attributed to several items related primarily to the area of instruction expenditures. The table that follows assists in illustrating the financial activities and fund balance of the general fund.

	2005 <u>Amount</u>	Restated 2004 <u>Amount</u>	Increase (Decrease)	Percentage Change
<b><u>Revenues</u></b>				
Taxes	\$ 5,625,774	\$ 5,012,099	\$ 613,675	12.24 %
Tuition	9,765	6,375	3,390	53.18 %
Earnings on investments	101,411	22,937	78,474	342.13 %
Intergovernmental	9,219,702	8,894,804	324,898	3.65 %
Other revenues	<u>481,425</u>	<u>556,470</u>	<u>(75,045)</u>	(13.49) %
Total	<u>\$ 15,438,077</u>	<u>\$ 14,492,685</u>	<u>\$ 945,392</u>	6.52 %
<b><u>Expenditures</u></b>				
Instruction	\$ 10,208,935	\$ 9,573,697	635,238	6.64 %
Support services	5,975,924	6,112,580	(136,656)	(2.24) %
Extracurricular activities	382,348	352,739	29,609	8.39 %
Facilities acquisition and construction	30,810	16,000	14,810	92.56 %
Debt service	<u>23,427</u>	<u>46,853</u>	<u>(23,426)</u>	(50.00) %
Total	<u>\$ 16,621,444</u>	<u>\$ 16,101,869</u>	<u>\$ 519,575</u>	3.23 %

**Building Fund**

The building fund had \$140,765 in revenues and \$2,630,842 in expenditures. During fiscal 2005, the building fund's fund balance decreased \$2,490,077 from \$2,516,120 to \$26,043. This decrease is a result of the District completing construction projects started in prior years.

**General Fund Budgeting Highlights**

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

During the course of fiscal year 2005, the District amended its general fund budget numerous times. For the general fund, final budgeted revenues and other financing sources were \$15,248,845, which was higher than the original budgeted revenues estimate of \$15,145,572. Actual revenues and other financing sources for fiscal year 2005 was \$15,248,845. This equals the final budgeted revenues.

General fund original appropriations (appropriated expenditures excluding other financing uses) of \$17,082,103 were increased to \$17,054,854 in the final budget. The actual budget basis expenditures and other financing uses for fiscal year 2005 totaled \$17,011,371, which was \$43,483 less than the final budget appropriations.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005  
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(Continued)**

**Capital Assets and Debt Administration**

***Capital Assets***

At the end of fiscal 2005, the District had \$11,795,860 invested in land, improvements other than buildings, buildings and improvements, furniture and equipment, and vehicles. This entire amount is reported in governmental activities. The following table shows fiscal 2005 balances compared to 2004:

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

	Governmental Activities	
	2005	2004
Land	\$ 423,960	\$ 423,960
Improvements other than buildings	683,717	734,253
Building and improvements	9,717,881	6,748,489
Furniture and equipment	799,996	720,054
Vehicles	170,306	225,841
Construction in progress	-	426,546
<b>Total</b>	<b>\$ 11,795,860</b>	<b>\$ 9,279,143</b>

The overall increase in capital assets of \$2,516,717 is due to capital outlays of \$3,118,922 exceeding depreciation expense of \$600,106 and disposal of \$2,099 (net of accumulated depreciation) in the fiscal year.

See Note 9 to the basic financial statements for additional information on the District's capital assets.

***Debt Administration***

At June 30, 2005, the District had \$4,993,473 in general obligation bonds outstanding. Of this total, \$235,000 is due within one year and \$4,758,473 is due within greater than one year. The following table summarizes the bonds outstanding.

**Outstanding Debt, at Year End**

	Governmental Activities	Governmental Activities
	2005	2004
General obligation bonds	\$4,993,473	\$ 5,186,347
<b>Total</b>	<b>\$4,993,473</b>	<b>\$ 5,186,347</b>

At June 30, 2005, the District's overall legal debt margin was \$14,639,364 and an unvoted debt margin of \$214,576.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005  
UNAUDITED  
(Continued)**

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

**Current Financial Related Activities**

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

The District has seen some significant business investment in recent years. The local community leaders have been aggressively seeking industrial expansion for the past five years. While most of this investment has been enticed with tax incentives, the long-term impact should be positive. Recent changes in the corporate tax structure in Ohio will eventually eliminate any benefit that is realized by economic development. An upturn in new home construction should have a positive impact. There are at least five housing development projects currently underway within the District. The future impact of these developments is uncertain, but the District has the capacity to handle any additional student population that is anticipated.

Declining enrollments have been a concern and while they continue to be monitored very closely, the additional housing opportunities should help to offset some of this decline. The 2004-05 school year marked the second year the District has had an open enrollment policy allowing students from other districts to attend the District tuition-free. Each open enrollment student brings with them state foundation funding. Participation has been very good with more students coming into the district for education than leaving the district on open enrollment. The future of open enrollment as a source of revenue looks promising.

The District closely monitors its revenues and expenditures in accordance with its financial forecast. Recent reductions in state funding as well as the loss of tax revenue from business inventories and personal property tax reimbursements from the state have played a part in the deficit spending the District has experienced. The District had two unsuccessful attempts to pass additional operating levies in fiscal year 2004. The District was, however, successful in passing a \$1,265,000 5-year emergency levy at the August 2005 election. This levy is expected to help carry the District through at least the next three fiscal years.

**Contacting the District's Financial Management**

This financial report is designed to provide our citizen's taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Mr. Alan W. Binger, Treasurer, Clyde-Green Springs EVSD, 106 South Main Street, Clyde, Ohio 43410-1695.

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

STATEMENT OF NET ASSETS  
JUNE 30, 2005

	<b>Governmental Activities</b>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents. . . . .	\$ 1,137,200
Receivables:	
Taxes . . . . .	7,166,338
Accounts . . . . .	3,080
Accrued interest . . . . .	5,469
Intergovernmental . . . . .	124,455
Prepayments . . . . .	70,411
Materials and supplies inventory . . . . .	56,861
Unamortized bond issuance costs. . . . .	123,499
Capital assets:	
Land . . . . .	423,960
Depreciable capital assets, net . . . . .	11,371,900
Capital assets, net. . . . .	11,795,860
Total assets. . . . .	20,483,173
<b>Liabilities:</b>	
Accounts payable. . . . .	67,595
Accrued wages and benefits . . . . .	1,508,952
Pension obligation payable. . . . .	450,691
Intergovernmental payable . . . . .	151,849
Deferred revenue . . . . .	5,006,944
Accrued interest payable . . . . .	19,975
Long-term liabilities:	
Due within one year. . . . .	393,843
Due within more than one year . . . . .	6,680,457
Total liabilities . . . . .	14,280,306
<b>Net Assets:</b>	
Invested in capital assets, net	
of related debt. . . . .	6,865,463
Restricted for:	
Capital projects . . . . .	135,894
Debt service. . . . .	373,795
State funded programs . . . . .	87
Federally funded programs . . . . .	56,957
Other purposes . . . . .	2,120
Unrestricted (deficit) . . . . .	(1,231,449)
Total net assets . . . . .	\$ 6,202,867

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

**STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

	Expenses	Program Revenues			Net (Expense)
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Assets
					Governmental Activities
<b>Governmental activities:</b>					
Instruction:					
Regular . . . . .	\$ 8,711,329	\$ 78,528	\$ 243,595	\$ 113,731	\$ (8,275,475)
Special . . . . .	2,408,263		1,431,627		(976,636)
Vocational . . . . .	104,587		11,096		(93,491)
Other . . . . .	103,972				(103,972)
Support services:					
Pupil . . . . .	1,104,146		143,263		(960,883)
Instructional staff . . . . .	686,227		11,813		(674,414)
Board of education . . . . .	29,789				(29,789)
Administration . . . . .	1,635,707	6,112	129,536		(1,500,059)
Fiscal . . . . .	445,938		7,283		(438,655)
Business . . . . .	5,971				(5,971)
Operations and maintenance . . . . .	1,585,247		14,172		(1,571,075)
Pupil transportation . . . . .	921,902		16,195	23,529	(882,178)
Central . . . . .	44,643		29,303		(15,340)
Extracurricular activities . . . . .	670,299	228,186			(442,113)
Intergovernmental pass through . . . . .	56,118		46,013		(10,105)
Food service operations . . . . .	693,857	517,859	226,149		50,151
Interest and fiscal charges . . . . .	406,677				(406,677)
<b>Total governmental activities . . . . .</b>	<b>\$ 19,614,672</b>	<b>\$ 830,685</b>	<b>\$ 2,310,045</b>	<b>\$ 137,260</b>	<b>(16,336,682)</b>
<b>General Revenues:</b>					
Property taxes levied for:					
General purposes . . . . .					6,410,738
Debt service . . . . .					478,075
Capital projects . . . . .					262,994
Payments in-lieu of taxes . . . . .					367,462
Grants and entitlements not restricted					
to specific programs . . . . .					8,591,717
Investment earnings . . . . .					297,412
Miscellaneous . . . . .					104,383
<b>Total general revenues . . . . .</b>					<b>16,512,781</b>
Change in net assets . . . . .					176,099
<b>Net assets at beginning of year . . . . .</b>					<b>6,026,768</b>
<b>Net assets at end of year . . . . .</b>					<b>\$ 6,202,867</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2005**

	<u>General</u>	<u>Building</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>				
Equity in pooled cash and cash equivalents . . . . .	\$ 310,140	\$ 165,935	\$ 659,005	\$ 1,135,080
Receivables:				
Taxes . . . . .	6,428,691		737,647	7,166,338
Accounts . . . . .	2,998		82	3,080
Accrued interest . . . . .	5,469			5,469
Interfund loans . . . . .	167,021			167,021
Intergovernmental . . . . .			124,455	124,455
Prepayments . . . . .	70,085		326	70,411
Materials and supplies inventory . . . . .	39,979		16,882	56,861
Restricted assets:				
Equity in pooled cash and cash equivalents . . . . .	2,120			2,120
<b>Total assets . . . . .</b>	<u><u>\$ 7,026,503</u></u>	<u><u>\$ 165,935</u></u>	<u><u>\$ 1,538,397</u></u>	<u><u>\$ 8,730,835</u></u>
<b>Liabilities:</b>				
Accounts payable . . . . .	\$ 42,482	\$ -	\$ 25,113	\$ 67,595
Accrued wages and benefits . . . . .	1,418,554		90,398	1,508,952
Compensated absences payable . . . . .	73,042			73,042
Pension obligation payable. . . . .	398,632		52,059	450,691
Intergovernmental payable . . . . .	147,887		3,962	151,849
Interfund loan payable . . . . .		139,892	27,129	167,021
Deferred revenue . . . . .	5,470,072		639,461	6,109,533
<b>Total liabilities . . . . .</b>	<u><u>7,550,669</u></u>	<u><u>139,892</u></u>	<u><u>838,122</u></u>	<u><u>8,528,683</u></u>
<b>Fund Balances:</b>				
Reserved for encumbrances . . . . .	58,200	165,935	65,069	289,204
Reserved for materials and supplies inventory. . . . .	39,979		16,882	56,861
Reserved for property tax unavailable for appropriation . . . . .	958,619		109,996	1,068,615
Reserved for prepayments . . . . .	70,085		326	70,411
Reserved for school bus purchases. . . . .	2,120			2,120
Unreserved, undesignated (deficit), reported in:				
General fund. . . . .	(1,653,169)			(1,653,169)
Special revenue funds . . . . .			233,934	233,934
Debt service fund . . . . .			249,700	249,700
Capital projects funds . . . . .		(139,892)	24,368	(115,524)
<b>Total fund balances (deficit) . . . . .</b>	<u><u>(524,166)</u></u>	<u><u>26,043</u></u>	<u><u>700,275</u></u>	<u><u>202,152</u></u>
<b>Total liabilities and fund balances . . . . .</b>	<u><u>\$ 7,026,503</u></u>	<u><u>\$ 165,935</u></u>	<u><u>\$ 1,538,397</u></u>	<u><u>\$ 8,730,835</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES  
TO NET ASSETS OF GOVERNMENTAL ACTIVITIES  
JUNE 30, 2005

<b>Total governmental fund balances</b>		\$	202,152
Amounts reported for governmental activities in the statement of net assets are different because:			
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			11,795,860
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.			
Taxes	\$	1,090,779	
Intergovernmental revenue		11,810	
Total			1,102,589
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.			(19,975)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.			
General obligation bonds		4,993,473	
Compensated absences		1,840,670	
Total			(6,834,143)
Unamortized premiums on bond issuances are not recognized in the funds.			274,087
Unamortized deferred amount on advance refunding is not recognized in the funds.			(441,202)
Unamortized bond issuance costs are not recognized in the funds.			123,499
<b>Net assets of governmental activities</b>		\$	6,202,867

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

	<u>General</u>	<u>Building</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>				
From local sources:				
Taxes . . . . .	\$ 5,625,774	\$ -	\$ 650,911	\$ 6,276,685
Tuition . . . . .	9,765			9,765
Earnings on investments . . . . .	101,411	27,034	168,967	297,412
Extracurricular . . . . .			205,298	205,298
Charges for services . . . . .			545,977	545,977
Classroom materials and fees . . . . .	61,217		422	61,639
Contributions and donations . . . . .		113,731		113,731
Other local revenues . . . . .	420,208		83,734	503,942
Intergovernmental - state . . . . .	9,211,957		380,322	9,592,279
Intergovernmental - federal . . . . .	7,745		1,301,329	1,309,074
Total revenue . . . . .	<u>15,438,077</u>	<u>140,765</u>	<u>3,336,960</u>	<u>18,915,802</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	8,355,519		229,757	8,585,276
Special . . . . .	1,645,943		750,791	2,396,734
Vocational . . . . .	103,501			103,501
Other . . . . .	103,972			103,972
Support Services:				
Pupil . . . . .	996,519		119,761	1,116,280
Instructional staff . . . . .	663,657		10,262	673,919
Board of education . . . . .	29,789			29,789
Administration . . . . .	1,462,563		174,063	1,636,626
Fiscal . . . . .	422,138		20,054	442,192
Business . . . . .	5,971			5,971
Operations and maintenance . . . . .	1,532,872		17,237	1,550,109
Pupil transportation . . . . .	852,789		32,522	885,311
Central . . . . .	9,626		29,303	38,929
Operation of non-instructional services . . . . .			15,881	15,881
Extracurricular activities . . . . .	382,348		228,777	611,125
Facilities acquisition and construction . . . . .	30,810	2,630,842	143,763	2,805,415
Intergovernmental pass through . . . . .			53,473	53,473
Food service operations . . . . .			699,028	699,028
Debt service:				
Principal retirement . . . . .	22,759		230,000	252,759
Interest and fiscal charges . . . . .	668		361,800	362,468
Total expenditures . . . . .	<u>16,621,444</u>	<u>2,630,842</u>	<u>3,116,472</u>	<u>22,368,758</u>
Excess of revenues over (under) expenditures . . . . .	<u>(1,183,367)</u>	<u>(2,490,077)</u>	<u>220,488</u>	<u>(3,452,956)</u>
<b>Other financing sources:</b>				
Sale of capital assets . . . . .	2,156		270	2,426
Total other financing sources . . . . .	<u>2,156</u>		<u>270</u>	<u>2,426</u>
Net change in fund balances . . . . .	(1,181,211)	(2,490,077)	220,758	(3,450,530)
<b>Fund balances at beginning of year (restated) . . . . .</b>	667,512	2,516,120	479,274	3,662,906
<b>Increase (decrease) in reserve for inventory . . . . .</b>	(10,467)		243	(10,224)
<b>Fund balances (deficit) at end of year . . . . .</b>	<u>\$ (524,166)</u>	<u>\$ 26,043</u>	<u>\$ 700,275</u>	<u>\$ 202,152</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

**Net change in fund balances - total governmental funds** \$ (3,450,530)

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

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

Capital outlay	\$ 3,118,922	
Depreciation expense	(600,106)	
Total		2,518,816

Governmental funds only report the gain from the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.

Disposals	(148,787)	
Accumulated depreciation on disposals	146,688	
Total		(2,099)

Governmental funds report expenditures for inventory when purchased. However, in the statement of activities, they are reported as an expense when consumed. (10,224)

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

Taxes	875,122	
Intergovernmental	(480)	
Total		874,642

Repayment of bond, loan and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net assets. 252,759

In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in additional interest being reported in the statement of activities.

Decrease in accrued interest payable	340	
Accretion of interest on capital appreciation bonds	(37,126)	
Amortization of bond premium	16,093	
Amortization of deferred charges on refundings	(19,012)	
Amortization of bond issuance costs	(4,504)	
Total		(44,209)

Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. 36,944

**Change in net assets of governmental activities** \$ 176,099

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
<b>Revenues:</b>				
From local sources:				
Taxes . . . . .	\$ 5,374,640	\$ 5,411,797	\$ 5,411,797	\$ -
Tuition. . . . .	7,612	7,665	7,665	
Earnings on investments. . . . .	75,628	76,151	76,151	
Classroom materials and fees. . . . .	62,222	61,450	61,450	
Other local revenues. . . . .	413,739	416,366	416,366	
Intergovernmental - state . . . . .	9,148,709	9,211,958	9,211,958	
Intergovernmental - federal. . . . .	7,692	7,745	7,745	
Total revenue . . . . .	<u>15,090,242</u>	<u>15,193,132</u>	<u>15,193,132</u>	
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	8,193,145	8,180,076	8,381,806	(201,730)
Special. . . . .	1,661,687	1,659,037	1,715,045	(56,008)
Vocational. . . . .	113,250	113,069	91,067	22,002
Other . . . . .	18,530	18,500	105,784	(87,284)
Support Services:				
Pupil. . . . .	1,000,846	999,249	1,022,876	(23,627)
Instructional staff . . . . .	704,389	703,265	662,707	40,558
Board of education . . . . .	41,523	41,457	28,114	13,343
Administration. . . . .	1,748,212	1,745,423	1,479,991	265,432
Fiscal . . . . .	452,272	451,551	445,415	6,136
Business . . . . .	6,003	5,993	5,932	61
Operations and maintenance. . . . .	1,875,235	1,872,244	1,600,218	272,026
Pupil transportation . . . . .	714,855	713,715	878,294	(164,579)
Central. . . . .			9,626	(9,626)
Extracurricular activities. . . . .	384,793	384,179	386,665	(2,486)
Facilities acquisition and construction. . . . .			30,810	(30,810)
Total expenditures . . . . .	<u>16,914,740</u>	<u>16,887,758</u>	<u>16,844,350</u>	<u>43,408</u>
Excess of expenditures over revenues. . . . .	<u>(1,824,498)</u>	<u>(1,694,626)</u>	<u>(1,651,218)</u>	<u>43,408</u>
<b>Other financing sources (uses):</b>				
Refund of prior year expenditure . . . . .	3,780	3,806	3,806	
Advances in. . . . .	49,408	49,750	49,750	
Advances (out) . . . . .	(167,363)	(167,096)	(167,021)	75
Sale of capital assets. . . . .	2,142	2,157	2,157	
Total other financing sources (uses) . . . . .	<u>(112,033)</u>	<u>(111,383)</u>	<u>(111,308)</u>	<u>75</u>
Net change in fund balance . . . . .	(1,936,531)	(1,806,009)	(1,762,526)	43,483
<b>Fund balance at beginning of year . . . . .</b>	1,371,813	1,371,813	1,371,813	
<b>Prior year encumbrances appropriated . . . . .</b>	518,242	518,242	518,242	
<b>Fund balance at end of year . . . . .</b>	<u>\$ (46,476)</u>	<u>\$ 84,046</u>	<u>\$ 127,529</u>	<u>\$ 43,483</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
JUNE 30, 2005

	<b>Private-Purpose Trust</b>	
	<b>Scholarship</b>	<b>Agency</b>
<b>Assets:</b>		
Equity in pooled cash and cash equivalents . . . . .	\$ 5,227	\$ 83,678
Receivables:		
Accounts . . . . .	10	10
Total assets . . . . .	5,227	\$ 83,688
<b>Liabilities:</b>		
Accounts payable. . . . .		\$ 5,555
Intergovernmental payable . . . . .		4,437
Due to students . . . . .	73,696	73,696
Total liabilities . . . . .		\$ 83,688
<b>Net Assets:</b>		
Held in trust for scholarships . . . . .	5,227	
Total net assets . . . . .	\$ 5,227	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005

	<b>Private-Purpose Trust</b>	
	<hr/>	
	<b>Scholarship</b>	
	<hr/>	
<b>Additions:</b>		
Interest . . . . .	\$	217
	<hr/>	
Total additions. . . . .		217
	<hr/>	
<b>Deductions:</b>		
Scholarships awarded . . . . .		125
	<hr/>	
Change in net assets . . . . .		92
	<hr/>	
<b>Net assets at beginning of year . . . . .</b>		<b>5,135</b>
	<hr/>	
<b>Net assets at end of year. . . . .</b>	\$	<b>5,227</b>
	<hr/> <hr/>	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

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

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

The District currently operates one elementary school and one comprehensive high school. The District employs 91 non-certified and 165 certified (including administrative) full-time and part-time employees to provide services to approximately 2,335 students in grades K through 12 and various community groups, which ranks it 232 out of 614 public school districts in Ohio.

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

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

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

**A. Reporting Entity**

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

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organizations' governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; (3) the District is legally obligated or has otherwise assumed the responsibility to finance the

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005  
(Continued)**

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

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

*JOINTLY GOVERNED ORGANIZATIONS*

Northern Ohio Educational Computer Association

The Northern Ohio Educational Computer Association (NOECA) is a jointly governed organization among forty-one school districts. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to the administrative and instructional functions among member districts. Each of the governments of these schools supports NOECA based upon a per pupil charge dependent upon the software package utilized. The NOECA assembly consists of a superintendent from each participating school district and a representative from the fiscal agent. NOECA is governed by a Board of Directors chosen from the general membership of the NOECA Assembly. The Board of Directors consists of a representative from the fiscal agent, the chairman of each of the operating committees, and two Assembly members from each county in which participating school districts are limited to its representation on the Board. The District paid \$64,768 to NOECA in fiscal year 2005 for services. Financial information can be obtained by contacting Betty Schwiefert, who serves as controller, at 2900 South Columbus Avenue, Sandusky, Ohio 44870.

Vanguard-Sentinel Career Centers

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

Bay Area Council

The Bay Area Council was established in 1986 to carry out a cooperative program for the purchase of natural gas among boards of education located in Erie, Huron, Ottawa, Sandusky, Seneca, and Wood Counties. The Bay Area Council is organized under Ohio laws as a regional council of governments pursuant to a written agreement entered into by its member boards of education. The Bay Area Council is governed by a Board of Directors. This Board is elected by an Assembly consisting of a representative from each participating school district. The District paid \$117,094 to Bay Area Council during fiscal year 2005 for gas usage and related fees. Financial information can be obtained from the Erie County Educational Service Center, who serves as fiscal agent, 2902 Columbus Avenue, Sandusky, Ohio 44870.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)**

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

Northwestern Ohio Educational Research Council, Inc.

The Northwestern Ohio Educational Research Council, Inc. serves a twenty-five county area in Northwest Ohio. The Board of Directors consists of superintendents from two educational service centers, two exempted village school districts, five local school districts and five city school districts, as well as representatives from two private or parochial schools and three institutions of higher education. Each active member is entitled to one vote on all issues addressed by the Board of Directors. The agent for the Northwest Ohio Educational Research Council is David G. Elsass, 806 Cherry Hill Drive, Bowling Green, Ohio 43402.

*RELATED ORGANIZATION*

Clyde Public Library

The library is a separate body politic which provides various educational and literary resources to an area whose borders match the School Districts' with the exception of the Village of Green Springs and the portions of the School District located in Pleasant and Adams Townships, Seneca County. The Library's Board of Trustees is appointed by the School District Board.

*PUBLIC ENTITY RISK POOL*

Ohio Association of School Business Officials Workers' Compensation Group Rating Plan

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

The Executive Director of the OASBO, or his designee, serves as coordinator of the Plan. Each year, the participating school districts pay an enrollment fee to the Plan to cover the costs of administering the program. The District paid \$1,800 for fiscal year 2005 in order to participate in the Plan.

**B. Fund Accounting**

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

*GOVERNMENTAL FUNDS*

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

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005  
(Continued)**

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

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

Building Fund - A fund used to account for the receipts and expenditures related to all special bond funds in the District. All proceeds from the sale of bonds, notes or certificates of indebtedness, except premium and accrued interest, must be paid into this fund. Expenditures recorded here represent the costs of acquiring capital facilities including real property.

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

*PROPRIETARY FUNDS*

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

*FIDUCIARY FUNDS*

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

**C. Basis of Presentation and Measurement Focus**

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

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

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005  
(Continued)**

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

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

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

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

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

**D. Basis of Accounting**

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

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

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

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005  
(Continued)**

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

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

Deferred Revenue - Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2005, but which were levied to finance fiscal year 2006 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

Expenses/Expenditures - On the accrual basis of accounting, expenses are recognized at the time they are incurred.

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

**E. Budgets**

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

Estimated Resources:

By April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commissions' certificate of estimated resources, which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)**

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

amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the amended certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2005. Prior to year-end, the District requested and received an amended certificate of estimated resources that reflects actual revenue for the fiscal year.

Appropriations:

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution is enacted by the Board of Education. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the District. The appropriation resolution, at the object level within each special cost center for the general fund and at the fund level for all other funds, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures may not exceed the appropriation totals at any level of control. Any revisions that alter the level of budgetary control must be approved by the Board of Education. The Board has authorized the treasurer to allocate appropriations among function and object level within all funds, except the General fund.

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

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

Lapsing of Appropriations:

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

**F. Cash and Investments**

To improve cash management, cash received by the District is pooled. 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.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)**

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

During fiscal year 2005, investments were limited to savings bonds, nonnegotiable certificates of deposits, federal agency securities, and investments in the State Treasury Asset Reserve of Ohio (STAR Ohio). Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts such as nonnegotiable certificates of deposit are reported at cost.

The District has invested funds in STAR Ohio during fiscal 2005. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the state to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 2005.

Under existing Ohio statutes all investment earning are assigned to the general fund unless statutorily required to be credited to a specific fund. The Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2005 amounted to \$101,411, which includes \$56,802 assigned from other District funds.

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

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

**G. Inventory**

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

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

**H. Capital Assets**

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

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005  
(Continued)**

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

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

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

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

**I. Interfund Balances**

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

**J. Compensated Absences**

The District reports compensated absences in accordance with the provisions of GASB No. 16, "Accounting for Compensated Absences". Vacation benefits are accrued as a liability as the benefits are earned if the employee's rights to receive compensation are attributable to services already rendered and it is probable that the District will compensate the employees for the benefits through paid time off or some other means. A liability for sick leave is based on the sick leave accumulated at the balance sheet date by those employees who are currently eligible to receive termination (severance) payments as well as those employees expected to become eligible in the future. Sick leave benefits are accrued as a liability using the "vesting method". The total liability for vacation and sick leave payments has been calculated using pay rates in effect at the balance sheet date, and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

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

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

**CLYDE-GREEN SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005  
(Continued)**

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

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

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

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

**L. Fund Balance Reserves**

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

**M. Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The net assets restricted for other purposes represents monies restricted for school bus purchases (see Note 17).

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

**N. Prepayments**

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

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005  
(Continued)**

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

**O. Estimates**

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

**P. Restricted Assets**

Assets are reported as restricted assets when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. Restricted assets include the amount for school bus purchases. See Note 17 for additional information regarding set-asides.

**Q. Interfund Activity**

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

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

**R. Nonpublic Schools**

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

**S. Other Local Revenue**

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

**T. 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 2005.

**CLYDE-GREEN SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005  
(Continued)**

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Accounting Principles**

For fiscal year 2005, the District has implemented GASB Statement No. 40, "Deposit and Investment Risk Disclosures" and GASB Technical Bulletin 2004-2, "Recognition of Pension and Other Postemployment Benefit Expenditures/Expenses and Liabilities by Cost-Sharing Employers".

GASB Statement No. 40 establishes and modified disclosure requirements related to investment risks: credit risk (including custodial credit risk and concentrations of credit risk) and interest rate risk. This statement also establishes and modified disclosure requirements for custodial credit risk on deposits.

GASB Technical Bulletin No. 2004-2 addresses the amount that should be recognized as expenditure/expense and as a liability each period by employers participating in a cost-sharing multiple-employer pension and other postemployment benefit (OPEB) plans.

The implementation of GASB Statement No. 40 did not have an effect on the financial statements of the District, however additional note disclosure can be found in Note 4. The implementation of GASB Technical Bulletin No. 2004-2 had the following effect on the fund balances of the major and non-major funds of the District as they were previously reported as of June 30, 2004:

	<u>General</u>	<u>Building</u>	<u>Nonmajor</u>	<u>Total</u>
Fund Balances, June 30, 2004	\$ 797,983	\$ 2,516,120	\$ 514,731	\$ 3,828,834
GASB Technical Bulletin No. 2004-2	<u>(130,471)</u>	<u>-</u>	<u>(35,457)</u>	<u>(165,928)</u>
Restated Fund Balance, June 30, 2004	<u>\$ 667,512</u>	<u>\$ 2,516,120</u>	<u>\$ 479,274</u>	<u>\$ 3,662,906</u>

**B. Deficit Fund Balances**

Fund balances at June 30, 2005, included the following individual fund deficits:

	<u>Deficit</u>
<u>Major Fund</u>	
General	\$ 524,166
<u>Nonmajor Funds</u>	
EMIS	44
DPIA	118
SchoolNet Professional Development	8
Summer Intervention	2,470
Alternative Schools	152
Title VI-B	2,415
Title I	8,291

**CLYDE-GREEN SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005  
(Continued)**

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

These funds complied with Ohio state law, which does not permit a cash basis deficit at year-end. The general fund is liable for any deficits in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances result from adjustments for accrued liabilities.

**NOTE 4 - DEPOSITS AND INVESTMENTS**

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

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

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

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

Protection of 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.

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
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;

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)**

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

3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
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.

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

**A. Cash on Hand**

At year-end, the District had \$162 in undeposited cash on hand which is included on the financial statements of the District as part of "Equity in Pooled Cash and Cash Equivalents."

**B. Deposits with Financial Institutions**

At June 30, 2005, the carrying amount of all District deposits was \$529,872. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2005, \$658,370 of the District's bank balance of \$860,805 was exposed to custodial risk as discussed below, while \$202,435 was covered by Federal Deposit Insurance Corporation.

**CLYDE-GREEN SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)**

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

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.

**C. Investments**

As of June 30, 2005, the District had the following investments and maturities:

<u>Investment type</u>	<u>Balance at Fair Value</u>	<u>Investment Maturities</u>			
		<u>6 months or less</u>	<u>7 to 12 months</u>	<u>13 to 18 months</u>	<u>19 to 24 months</u>
STAR Ohio	200,131	200,131			
FHLB	490,940				490,940
U.S Savings Bond	5,000	5,000	-	-	-
	<u>\$ 696,071</u>	<u>\$ 205,131</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 490,940</u>

The weighted average maturity of investments is 1.12 years.

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

*Credit Risk:* The District's investments, except for the repurchase agreement as discussed below and STAR Ohio, were rated AAA and Aaa by Standard & Poor's and Moody's Investor Services, respectively. Standard & Poor's has assigned STAR Ohio a AAAM money market rating.

*Custodial Credit Risk:* For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party. Of the District's investment in repurchase agreements, the entire balance is collateralized by underlying securities pledged by the investment's counterparty, not in the name of the District.

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(Continued)**

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

*Concentration of Credit Risk:* The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2005:

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
STAR Ohio	\$ 200,131	28.75%
U.S. Savings Bond	5,000	0.72%
FHLB	<u>490,940</u>	<u>70.53%</u>
	<u>\$ 696,071</u>	<u>100.00%</u>

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

The following is a reconciliation of cash and investments as reported in the footnote above to cash and investments as reported on the statement of net assets as of June 30, 2005:

<u>Cash and Investments per footnote</u>	
Carrying amount of deposits	\$ 529,872
Investments	696,071
Cash on hand	<u>162</u>
Total	<u>\$ 1,226,105</u>
 <u>Cash and investments per Statement of Net Assets</u>	
Governmental activities	\$ 1,137,200
Private-purpose trust funds	5,227
Agency funds	<u>83,678</u>
Total	<u>\$ 1,226,105</u>

**NOTE 5 - INTERFUND TRANSACTIONS**

Interfund loans receivable/payable consisted of the following at June 30, 2005, as reported on the fund statement:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Building fund	\$139,892
General	Nonmajor governmental funds	27,129

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

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)**

**NOTE 6 - PROPERTY TAXES**

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

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the District. Real property tax revenue received in calendar 2005 represents collections of calendar year 2004 taxes. Real property taxes received in calendar year 2005 were levied after April 1, 2004, on the assessed value listed as of January 1, 2004, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2005 represents collections of calendar year 2004 taxes. Public utility real and tangible personal property taxes received in calendar year 2005 became a lien December 31, 2003, were levied after April 1, 2004 and are collected in 2005 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenue received during calendar 2005 (other than public utility property) represents the collection of 2004 taxes. Tangible personal property taxes received in calendar year 2005 were levied after April 1, 2004, on the value as of December 31, 2003. Tangible personal property is currently assessed at twenty-five percent of true value for capital assets and twenty-four percent of true value for inventory. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the District prior to June 30.

The District receives property taxes from Sandusky and Seneca Counties. The County Auditors periodically advance to the District their portion of the taxes collected. Second-half real property tax payments collected by the County Auditors by June 30, 2005, are available to finance fiscal year 2005 operations. The amount available as an advance at June 30, 2005, was \$958,619 in the general fund, \$71,296 in the Bond Retirement debt service fund, and \$38,700 in the Permanent Improvement capital projects fund. The amount available as an advance at June 30, 2004, was \$744,642 in the general fund, \$57,545 in the Bond Retirement debt service fund, and \$27,557 in the Permanent Improvement capital projects fund. The amount available to be advanced can vary depending upon when tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2005, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

**CLYDE-GREEN SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005  
(Continued)**

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

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

The assessed values upon which the fiscal year 2005 taxes were collected are:

	2004 Second Half Collections		2005 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/Residential and Other Real Estate	\$ 165,839,450	79.42	\$ 171,872,960	80.10
Public Utility Personal	7,515,850	3.60	6,970,980	3.24
Tangible Personal Property	<u>35,463,161</u>	<u>16.98</u>	<u>35,732,069</u>	<u>16.66</u>
<b>Total</b>	<b><u>\$ 208,818,461</u></b>	<b><u>100.00</u></b>	<b><u>\$ 214,576,009</u></b>	<b><u>100.00</u></b>

Tax rate per \$1,000 of  
assessed valuation for:

Operations	\$ 43.10	\$ 44.40
Permanent improvements	1.50	1.50
Debt service	1.50	2.15

**NOTE 7 - RECEIVABLES**

Receivables at June 30, 2005, consisted of taxes, accounts (billings for user charged services and student fees), accrued interest, and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of state programs and the current year guarantee of Federal funds. A summary of the principal items of receivables reported on the statement of net assets follows:

<b>Governmental Activities</b>	
Taxes	\$ 7,166,338
Accounts	3,080
Accrued interest	5,469
Intergovernmental	<u>124,455</u>
<b>Total</b>	<b><u>\$ 7,299,342</u></b>

Receivables have been disaggregated on the face of the basic financial statements. All receivables are expected to be collected within the subsequent year.

**CLYDE-GREEN SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005  
(Continued)**

**NOTE 8 - CAPITALIZED LEASES - LESSEE DISCLOSURE**

In prior years, the District entered into a capitalized lease agreement for the acquisition of exercise equipment.

This lease meets the criteria of a capital lease as defined by FASB Statement No. 13, "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee at the conclusion of the lease term. At inception, the leases were accounted for as a capital outlay expenditure and other financing source in the general fund. Capital lease payments have been reclassified and are reflected as debt service expenditures in the fund financial statements and as a reduction of the lease liability in the government-wide financial statements. These expenditures are reflected as program/function expenditures on a budgetary basis.

Capital assets acquired by lease have been capitalized in the statement of net assets in the amount of \$121,005, which is equal to the present value of the future minimum lease payments as of the date of inception. A corresponding liability was recorded in the statement of net assets. Principal and interest payments in the 2005 fiscal year totaled \$22,759 and \$668, respectively. These amounts are reflected as debt service expenditures in the general fund.

The capital lease obligation was completely paid off during fiscal year 2005.

**NOTE 9 - CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2005, was as follows:

	Balance 07/01/04	Additions	Deductions	Balance 06/30/05
<b>Governmental Activities</b>				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 423,960	\$ -	\$ -	\$ 423,960
Construction in progress	426,546	2,899,897	3,326,443	
Total capital assets, not being depreciated	<u>850,506</u>	<u>2,899,897</u>	<u>3,326,443</u>	<u>423,960</u>
<i>Capital assets, being depreciated:</i>				
Improvements other than buildings	1,113,180			1,113,180
Buildings and improvements	20,891,407	3,355,779	(3,062)	24,244,124
Furniture and equipment	1,538,894	184,689	(7,007)	1,716,576
Vehicles	1,254,123	5,000	(138,718)	1,120,405
Total capital assets, being depreciated	<u>24,797,604</u>	<u>3,545,468</u>	<u>(148,787)</u>	<u>28,194,285</u>
<i>Less: accumulated depreciation</i>				
Improvements other than buildings	(378,927)	(50,536)		(429,463)
Buildings and improvements	(14,142,918)	(384,288)	963	(14,526,243)
Furniture and equipment	(818,840)	(104,747)	7,007	(916,580)
Vehicles	(1,028,282)	(60,535)	138,718	(950,099)
Total accumulated depreciation	<u>(16,368,967)</u>	<u>(600,106)</u>	<u>146,688</u>	<u>(16,822,385)</u>
Governmental activities capital assets, net	<u>\$ 9,279,143</u>	<u>\$ 5,845,259</u>	<u>\$ (3,328,542)</u>	<u>\$ 11,795,860</u>

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005  
(Continued)**

**NOTE 9 - CAPITAL ASSETS – (Continued)**

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 414,996
Special	2,906
<u>Support Services:</u>	
Pupil	393
Instructional staff	4,263
Administration	1,548
Fiscal	896
Operations and maintenance	31,479
Pupil transportation	63,669
Central	5,714
Extracurricular activities	57,771
Food service operations	<u>16,471</u>
Total depreciation expense	<u>\$ 600,106</u>

**CLYDE-GREEN SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005  
(Continued)**

**NOTE 10 - LONG-TERM OBLIGATIONS**

A. During the fiscal year ended June 30, 2005, the following changes occurred in long-term liabilities reported on the statement of net assets. The capital lease obligation will be paid from the general fund. Compensated absences and the pension obligation will be paid from the fund from which the employee is paid.

	Balance at <u>07/01/04</u>	<u>Increases</u>	<u>Decreases</u>	Balance at <u>06/30/05</u>	Amounts Due in <u>One Year</u>
<b>Governmental Activities:</b>					
<u>General Obligation Bonds:</u>					
Current interest					
school improvement bonds, series 1995	\$ 195,000	\$ -	\$ (95,000)	\$ 100,000	\$ 100,000
Current interest					
refunding bonds, series 2004	4,735,000		(135,000)	4,600,000	135,000
Capital appreciation					
refunding bonds, series 2004	230,397			230,397	
Capital appreciation					
refunding bonds, accreted interest	25,950	37,126	-	63,076	-
Total general obligation bonds	<u>5,186,347</u>	<u>37,126</u>	<u>(230,000)</u>	<u>4,993,473</u>	<u>235,000</u>
<u>Other Long-Term Obligations:</u>					
Capital lease obligation	22,759		(22,759)		
Compensated absences	1,973,603	154,185	(214,076)	1,913,712	158,843
Total other long-term obligations	<u>1,996,362</u>	<u>154,185</u>	<u>(236,835)</u>	<u>1,913,712</u>	<u>158,843</u>
Total governmental activities	<u>\$ 7,182,709</u>	<u>\$ 191,311</u>	<u>\$ (466,835)</u>	6,907,185	<u>\$ 393,843</u>
Add: Unamortized premium on bonds				441,202	
Less: Unamortized deferred amount on refunding				<u>(274,087)</u>	
Total long-term obligations				<u>\$ 7,074,300</u>	

Current interest school improvement bonds, series 1995: The general obligation bonds, series 1995, were issued on January 15, 1995 in the amount of \$3,400,000 and with interest rates ranging from 4.80% to 7.00%. They were issued in order to provide funds for improvements and an addition to the high school. The bonds are rated "AAA" with MBIA insurance and carry an underlying "A" rating from Moody's Investor Services. The final debt service payments on these bonds are scheduled to occur during fiscal year 2006 and will be paid from the Bond Retirement Fund.

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005  
(Continued)**

**NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)**

The refunding issue is comprised of both current interest bonds, par value \$4,790,000, and capital appreciation bonds, par value \$230,397. The interest rates on the current interest bonds range from 2.00% to 4.40%. The capital appreciation bonds mature on December 1, of 2014, 2015, 2016, and 2017, (stated interest rate of 14.00%) at a redemption price equal to 100% of the principal plus accreted interest to the redemption date. The present value of the capital appreciation bonds (as of the issue date) reported on the statement of net assets at June 30, 2005, is \$230,397. A total of \$63,076 in interest has been accreted on the capital appreciation bonds as of June 30, 2005.

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

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

- B.** Principal and interest requirements to retire the long-term obligations outstanding at June 30, 2005, are as follows:

<u>Year Ended</u>	<u>Current Interest Bonds, Series 1995</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	\$ 100,000	\$ 87,401	\$ 187,401
Total	<u>\$ 100,000</u>	<u>\$ 87,401</u>	<u>\$ 187,401</u>

<u>Year Ended</u>	<u>Current Interest Bonds, Series 2004</u>			<u>Capital Appreciation Bonds, Series 2004</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2006	\$ 135,000	\$ 181,590	\$ 316,590	\$ -	\$ -	\$ -
2007	255,000	177,563	432,563			
2008	255,000	171,570	426,570			
2009	265,000	164,346	429,346			
2010	275,000	156,037	431,037			
2011 - 2015	1,180,000	629,368	1,809,368	69,510	250,490	320,000
2016 - 2020	645,000	510,397	1,155,397	160,887	804,113	965,000
2021 - 2025	500,000	341,275	841,275			
2026 - 2030	630,000	201,670	831,670			
2031 - 2033	<u>460,000</u>	<u>36,131</u>	<u>496,131</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 4,600,000</u>	<u>\$ 2,569,947</u>	<u>\$ 7,169,947</u>	<u>\$ 230,397</u>	<u>\$ 1,054,603</u>	<u>\$ 1,285,000</u>

**CLYDE-GREEN SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005  
(Continued)**

**NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)**

**C. Legal Debt Margin**

The Ohio Revised Code provides that the total net indebtedness of a school district shall never exceed 9% of the total assessed valuation of the district. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the district. The effects of these debt limitations for the District at June 30, 2005, are a voted debt margin of \$14,639,364 (including available funds of \$320,996), and an unvoted debt margin of \$214,576.

**NOTE 11 - COMPENSATED ABSENCES**

**A. Sick Leave**

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

**B. Severance Pay**

All employees serving in a regular assignment under contract with the Clyde-Green Springs Board of Education may elect to receive a cash payment at retirement for accrued but unused sick leave. To be eligible, employees must be qualified for retirement benefits under one or more of the STRS, SERS or PERS retirement systems and have performed a minimum of ten (10) years service in one or more Ohio political subdivisions. Payment is to be based on employee's per diem pay rate at the time of retirement. Payment for all employees with ten (10) or more years of service will be paid based on twenty-six percent (26%) of the accrued but unused days of sick leave up to two hundred fifty (250) days up to a maximum of sixty-five (65) days. Employees under the Ohio Association of public School Employees contract with less than ten (10) years service with the District will be paid based on twenty-six percent (26%) of the accrued but unused days of sick leave up to one hundred forty (140) days up to a maximum of thirty-nine (39) days.

**NOTE 12 - RISK MANAGEMENT**

**A. Comprehensive**

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

**CLYDE-GREEN SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005  
(Continued)**

**NOTE 12 - RISK MANAGEMENT – (Continued)**

**B. Health Insurance**

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

**C. Workers' Compensation**

For fiscal year 2005, the District participated in the Ohio Association of School Business Officials (OASBO) Workers' Compensation Group Rating Plan (the "Plan"), an insurance purchasing pool. The intent of the Plan is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the Plan. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the Plan. Each participant pays its workers' compensation premium to the state based on the rate for the Plan rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings of the 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 Plan. Participation in the Plan is limited to school districts that can meet the Plan's selection criteria.

**NOTE 13 - DEFINED BENEFIT PENSION PLAN**

**A. School Employees Retirement System**

The District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing, multiple-employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746, or by calling (614) 222-5853.

Plan members are required to contribute 10% of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14% 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 2005, 10.57% of annual covered salary was the portion used to fund pension obligations. For fiscal year 2004, 9.09% of annual covered salary was the portion used to fund pension obligations.

**CLYDE-GREEN SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)**

**NOTE 13 - DEFINED BENEFIT PENSION PLAN – (Continued)**

The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The adequacy of the contribution rates is determined annually. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2005, 2004, and 2003, were \$256,954, \$215,629 and \$310,165, respectively; 43.66% has been contributed for fiscal year 2005 and 100% for the fiscal years 2004 and 2003. \$144,761 represents the unpaid contribution for fiscal year 2005 and is recorded as a liability within the respective funds.

**B. State Teachers Retirement System**

The District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing, multiple-employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides retirement and disability benefits, annual cost-of-living adjustments, and death and survivor benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3371, by calling (614) 227-4090, or by visiting the STRS website at [www.strsoh.org](http://www.strsoh.org).

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB Plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5% 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 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. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. 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 dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

**CLYDE-GREEN SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005  
(Continued)**

**NOTE 13 - DEFINED BENEFIT PENSION PLAN – (Continued)**

Plan members are required to contribute 10% of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14% 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 years 2005 and 2004, 13% of annual covered salary was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employee contributions. The District's required contributions for pension obligations to the DB plan for the fiscal years ended June 30, 2005, 2004, and 2003, were \$1,156,803, \$1,076,700, and \$1,093,395, respectively; 83.46% has been contributed for fiscal year 2005 and 100% for the fiscal years 2004 and 2003. \$191,353 represents the unpaid contribution for fiscal year 2005 and is recorded as a liability within the respective funds. Contributions to the DC and Combined Plans for fiscal 2005 were \$3,370 made by the District and \$3,442 made by plan members.

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement Systems/State Teachers Retirement System. As of June 30, 2005, certain members of the Board of Education have elected Social Security. The District's liability is 6.2% of wages paid.

**NOTE 14 - POSTEMPLOYMENT BENEFITS**

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

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14% of covered payroll. For fiscal year 2005, the State Teachers Retirement Board allocated employer contributions equal to 1% of covered payroll to the Health Care Stabilization Fund. For the District, this amount equaled \$88,985 during fiscal 2005.

STRS pays health care benefits from the Health Care Stabilization Fund. The balance in the Health Care Stabilization Fund was \$3.3 billion at June 30, 2005. For the fiscal year ended June 30, 2005, net health care costs paid by STRS were \$254,780,000 and STRS had 115,395 eligible benefit recipients.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005  
(Continued)**

**NOTE 14 - POSTEMPLOYMENT BENEFITS – (Continued)**

For SERS, coverage is made available to service retirees with 10 or more years of qualifying service credit, and disability and survivor benefit recipients. Effective January 1, 2004, all retirees and beneficiaries are required to pay a portion of their health care premium. The portion is based on years of service, Medicare eligibility and retirement status.

After the allocation for basic benefits, the remainder of the employer's 14% contribution is allocated to providing health care benefits. At June 30, 2005, the healthcare allocation is 3.43%. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2005, the minimum pay has been established as \$27,400. The surcharge, added to the unallocated portion of the 14% employer contribution rate, provides for maintenance of the asset target level for the health care fund. For the 2005 fiscal year, the District paid \$68,035 to fund health care benefits, including the surcharge.

Health care benefits are financed on a pay-as-you-go basis. Net health care costs for the year ending June 30, 2005, were \$178,221,113. The target level for the health care fund is 150% of the projected claims less premium contributions for the next fiscal year. As of June 30, 2005, the value of the health care fund was \$267.5 million, which is about 168% of the next year's projected net health care costs of \$158,776,151. On the basis of actuarial projections, the allocated contributions will be insufficient, in the long term, to provide for a health care reserve equal to at least 150% of estimated annual net claim costs. The number of participants eligible to receive benefits is 58,123

**NOTE 15 - BUDGETARY BASIS OF ACCOUNTING**

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

The Statement of Revenue, Expenditures, and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005  
(Continued)**

**NOTE 15 - BUDGETARY BASIS OF ACCOUNTING – (Continued)**

**Net Change in Fund Balance**

	<u>General Fund</u>
Budget basis	\$(1,762,526)
Net adjustment for revenue accruals	244,945
Net adjustment for expenditure accruals	29,115
Net adjustment for other sources/uses	113,464
Adjustment for encumbrances	<u>193,791</u>
GAAP basis	<u><u>\$(1,181,211)</u></u>

**NOTE 16 - CONTINGENCIES**

**A. Grants**

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

**B. Litigation**

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

**NOTE 17 - STATUTORY RESERVES**

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005  
(Continued)**

**NOTE 17 - STATUTORY RESERVES – (Continued)**

	<u>Textbooks/ Instructional Materials</u>	<u>Capital Acquisition</u>
Set-aside cash balance as of June 30, 2004	\$ (795,880)	\$ -
Current year set-aside requirement	304,545	304,545
Qualifying disbursements	<u>(468,987)</u>	<u>(609,154)</u>
Total	<u>\$ (960,322)</u>	<u>\$ (304,609)</u>
Balance carried forward to FY 2006	<u>\$ (960,322)</u>	<u>\$ -</u>

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

In addition to the above statutory reserves, the District has a balance of \$2,120 in funding from the State of Ohio that is restricted for school bus purchases.

A schedule of the governmental fund restricted assets at June 30, 2005 follows:

Amount restricted for school bus purchases	\$ <u>2,120</u>
Total restricted assets	\$ <u>2,120</u>

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

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2005**

<b>FEDERAL GRANTOR</b> <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<b>UNITED STATES DEPARTMENT OF AGRICULTURE</b>						
<i>Passed Through Ohio Department of Education</i>						
<i>Nutrition Cluster:</i>						
Food Donation		10.550		\$ 74,163		\$ 74,163
National School Breakfast Program	45302-05PU-04	10.553	\$ 8,513		\$ 8,513	
	45302-05PU-05	10.553	10,094		10,094	
Total National School Breakfast Program			18,607		18,607	
National School Lunch Program	45302-LLP1-04	10.555	212		212	
	45302-LLP1-05	10.555	2,010		2,010	
	45302-LLP4-04	10.555	47,750		47,750	
	45302-LLP4-05	10.555	148,595		148,595	
Total National School Lunch Program			198,567		198,567	
Total Department of Agriculture - Nutrition Cluster			217,174	74,163	217,174	74,163
<b>UNITED STATES DEPARTMENT OF EDUCATION</b>						
<i>Passed Through Ohio Department of Education</i>						
Special Education Grants to States	45302-6BSD-05	84.027	17,596		17,596	
	45302-6BSF-05	84.027	482,240		482,240	
Total Special Education Grants to States			499,836		499,836	
Title 1 Grants to Local Educational Agencies	45302-C1S1-04	84.010	47,538		36,891	
	45302-C1S1-05	84.010	247,567		224,953	
Total Title 1 Grants to Local Educational Agencies			295,105		261,844	
Twenty-First Century Community Learning Centers	45302-T1S1-05	84.287	144,191		132,101	
Safe and Drug Free-Schools and Communities State Grants	45302-DRS1-05	84.186	7,790		7,327	
Safe and Drug Free Schools and Communities National Program	T4S1-04	84.184C			291	
State Grants for Innovative Programs	45302-C2S1-04	84.298	1,279		6,088	
	45302-C2S1-05	84.298	9,474		9,222	
Total State Grants for Innovative Programs			10,753		15,310	
Education Technology State Grants	45302-TJS1-04	84.318	1,646		6,723	
	45302-TJS1-05	84.318	6,723		6,723	
Total Education Technology State Grants			8,369		6,723	
Improving Teacher Quality State Grants	45302-TRS1-05	84.367	83,839		77,019	
Total Department of Education			1,049,883		1,000,451	
<b>UNITED STATES DEPARTMENT OF HOMELAND SECURITY</b>						
<i>Passed Through Ohio Emergency Management Agency</i>						
Public Assistance Grants	143-UC4YJ-00	97.036	1,607		1,607	
<b>UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>						
<i>Passed Through Ohio Department of Mental Retardation and Developmental Disabilities</i>						
Medical Assistance Program		93.778	7,745		7,745	
<i>Passed Through Ohio Department of Education</i>						
Temporary Assistance for Needy Families		93.558			14,758	
Total Department of Health and Human Services			7,745		22,503	
<b>Total Federal Assistance</b>			<b>\$ 1,276,409</b>	<b>\$ 74,163</b>	<b>\$ 1,241,735</b>	<b>\$ 74,163</b>

The accompanying notes are an integral part of this schedule.

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

**NOTES TO SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2005**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B - CHILD NUTRITION CLUSTER**

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

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

**NOTE C – MATCHING REQUIREMENTS**

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

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## **Auditor of State Betty Montgomery**

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

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

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Clyde-Green Springs Exempted Village School District, Sandusky County (the District) as of and for the year ended June 30, 2005, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 22, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the District's internal control over financial reporting to determine our auditing procedures in order to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the District's management dated March 22, 2006, we reported other matters involving internal control over financial reporting we did not deem a reportable condition.

#### **Compliance and Other Matters**

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*. In a separate letter to the District's management dated March 22, 2006, we reported another matter related to noncompliance we deemed immaterial.

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Clyde-Green Springs Exempted Village School District  
Sandusky County  
Independent Accountants' Report on Internal Control Over  
Financial Reporting and on Compliance and Other Matters  
Required by *Government Auditing Standards*  
Page 2

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

March 22, 2006



**Auditor of State  
Betty Montgomery**

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

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

To the Board of Education:

**Compliance**

We have audited the compliance of the Clyde-Green Springs Exempted Village School District, Sandusky County (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement that apply to its major federal program for the year ended June 30, 2005. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal program. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the Clyde-Green Springs Exempted Village School District complied, in all material respects, with the requirements referred to above that apply to its major federal program for the year ended June 30, 2005.

### **Internal Control Over Compliance**

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

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

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



**Betty Montgomery**  
Auditor of State

March 22, 2006

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

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2005**

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

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

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

None

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None





**Auditor of State  
Betty Montgomery**

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

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
APRIL 13, 2006**