

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

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

***FOR THE FISCAL YEAR ENDED  
JUNE 30, 2010***

**NATHAN LYNCH, TREASURER**





# Dave Yost • Auditor of State

January 18, 2011

The attached audit report was completed and prepared for release prior to the commencement of my term of office on January 10, 2011. Thus, I am certifying this audit report for release under the signature of my predecessor.

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DAVE YOST  
Auditor of State

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Mary Taylor, CPA  
Auditor of State

Board of Education  
Upper Sandusky Exempted Village School District  
800 North Sandusky Ave, Suite A  
Upper Sandusky, Ohio 43351

We have reviewed the *Independent Auditor's Report* of the Upper Sandusky Exempted Village School District, Wyandot County, prepared by Julian & Grube, Inc., for the audit period July 1, 2009 through June 30, 2010. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

*Mary Taylor*

Mary Taylor, CPA  
Auditor of State

January 4, 2011

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

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

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

Independent Auditor's Report

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

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, its major fund, and the aggregate remaining fund information of the Upper Sandusky Exempted Village School District, Wyandot County, Ohio, as of and for the fiscal year ended June 30, 2010, which collectively comprise the Upper Sandusky Exempted Village School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Upper Sandusky Exempted Village School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, its major fund, and the aggregate remaining fund information of the Upper Sandusky Exempted Village School District, Wyandot County, Ohio, as of June 30, 2010, and the respective changes in cash financial position and the budgetary comparison for the General Fund thereof for the fiscal year then ended in conformity with the basis of accounting Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2010, on our consideration of the Upper Sandusky Exempted School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Independent Auditor's Report  
Upper Sandusky Exempted Village School District  
Page Two

Management's discussion and analysis is not a required part of the basic financial statements, but is supplementary information the Governmental Accounting Standards Board 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 Upper Sandusky Exempted Village School District's basic financial statements. The accompanying schedule of receipts and expenditures of federal awards provides additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.  
November 12, 2010

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

**MANAGEMENT'S DISCUSSION & ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(UNAUDITED)**

This discussion and analysis of the Upper Sandusky Exempted Village School District's (the District) financial performance provides an overall review of the District's financial activities for the year ended June 30, 2010, within the limitations of the District's cash basis accounting. Readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

**Highlights**

Key highlights for 2010 are as follows:

- Net assets decreased \$73,102, or 1.5 percent.
- The District's general receipts primarily consist of property taxes, income taxes, and intergovernmental aid, representing 31.3%, 18.5%, and 48.8% of total general receipts received by the District during the year, respectively.
- As of the close of the fiscal year, the District's governmental funds reported combined ending fund balances of \$4,909,406, a decrease of \$73,102 or 1.5% in comparison with the prior year. Of this total amount, \$4,432,230 is available for spending at the government's discretion (unreserved fund balance).

**Using the Basic Financial Statements**

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

**Report Components**

The statement of net assets and the statement of activities provide information about the cash activities of the District as a whole.

Fund financial statements provide a greater level of detail. Funds are created and maintained on the financial records of the District as a way to segregate money whose use is restricted to a particular specified purpose. These statements present financial information by fund, presenting funds with the largest balances or most activity in separate columns.

The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information reported in the statements.

**Basis of Accounting**

The basis of accounting is a set of guidelines that determine when financial events are recorded. The District has elected to present its financial statements using the cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Under the District's cash basis of accounting, receipts and disbursements are recorded when cash is received or paid.

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

**MANAGEMENT'S DISCUSSION & ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(UNAUDITED)**

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion within this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

**Reporting the District as a Whole**

The statement of net assets and the statement of activities reflect how the District did financially during 2010, within the limitations of cash basis accounting. The statement of net assets presents the cash balances and investments of the District at year end. The statement of activities compares cash disbursements with program receipts for each governmental program. Program receipts include charges paid by the recipient of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identifies how each governmental function draws from the District's general receipts.

These statements report the District's cash position and the changes in cash position. Keeping in mind the limitations of the cash basis of accounting, you can think of these changes as one way to measure the District's financial health. Over time, increases or decreases in the District's cash position is one indicator of whether the District's financial health is improving or deteriorating. When evaluating the District's financial condition, you should also consider other nonfinancial factors as well such as the District's property tax base, the condition of the District's capital assets and infrastructure, the extent of the District's debt obligations, the reliance on non-local financial resources for operations and the need for continued growth in the major local revenue sources such as property and income taxes.

In the statement of net assets and the statement of activities, the District reports governmental activities, which are the District's basic services. State and federal grants and income and property taxes finance most of these activities. Benefits provided through governmental activities are not necessarily paid for by the people receiving them.

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

Fund financial statements provide detailed information about the District's major funds – not the District as a whole. The District establishes separate funds to better manage its many activities and to help demonstrate that money that is restricted as to how it may be used is being spent for the intended purpose. The funds of the District are split into two categories: governmental and fiduciary.

**Governmental Funds** - Most of the District's activities are reported in governmental funds. The governmental fund financial statements provide a detailed view of the District's governmental operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent to finance the District's programs. The District's significant governmental funds are presented on the financial statements in separate columns. The information for nonmajor funds (funds whose activity or balances are not large enough to warrant separate reporting) is combined and presented in total in a single column. The District's only major governmental fund is the General Fund.

**Fiduciary Funds** - Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are not reflected on the government-wide financial statements because the resources of these funds are not available to support the District's programs.

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

**MANAGEMENT'S DISCUSSION & ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(UNAUDITED)**

**The District as a Whole**

Table 1 provides a summary of the District's net assets for 2010 compared to 2009 on a cash basis:

	Governmental Activities	
	2010	2009
<b>Assets</b>		
Current Assets	\$ 4,909,406	\$ 4,982,508
Total Current Assets	4,909,406	4,982,508
 <b>Net Assets</b>		
Restricted for:		
Capital Projects	365,103	133,450
Unexpended Grants	213,707	124,370
Other Purposes	123,186	124,982
Unrestricted	4,207,410	4,599,706
Total Net Assets	\$ 4,909,406	\$ 4,982,508

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

**MANAGEMENT'S DISCUSSION & ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(UNAUDITED)**

The District's net assets decreased by \$73,102, or 1.5 percent. Key elements of this increase are as follows:

**Changes in Net Assets  
Governmental Activities  
Table 2**

	<b>2010</b>	<b>2009</b>
<b>Receipts:</b>		
Program Receipts		
Charges for Services	\$ 1,645,553	\$ 1,672,863
Operating Grants	<u>1,859,737</u>	<u>2,149,472</u>
Total Program Receipts	<u>3,505,290</u>	<u>3,822,335</u>
General Receipts		
Taxes	6,409,687	6,862,338
Payments in Lieu of Taxes	73,285	52,946
Grants and Entitlements	6,283,444	6,111,825
Investment Earnings	17,934	51,629
Other Receipts	<u>91,853</u>	<u>52,812</u>
Total General Receipts	<u>12,876,203</u>	<u>13,131,550</u>
Total Receipts	<u>16,381,493</u>	<u>16,953,885</u>
<b>Disbursements:</b>		
Program Disbursements		
Instruction	8,502,315	8,663,029
Support Services	6,085,623	6,147,018
Non-Instructional	744,231	702,105
Extra Curricular Activities	632,841	601,832
Principal Retirement	446,960	490,577
Interest and Fiscal Charges	<u>42,625</u>	<u>45,331</u>
Total Disbursements	<u>16,454,595</u>	<u>16,649,892</u>
Changes in Net Assets	<u>(73,102)</u>	<u>303,993</u>
Net Assets at Beginning of Year	<u>4,982,508</u>	<u>4,678,515</u>
Net Assets at End of Year	<u>\$ 4,909,406</u>	<u>\$ 4,982,508</u>

*Program Receipts*

Program receipts are comprised of charges for services and sales and operating grants and contributions. Charges for services and sales decreased as a result in decreases in tuition and fees offset by increases in extracurricular activities, and food services. Operating grants and contributions decreased due to decreases in state and federal funding for special education which was offset by an increase in funding for regular instruction.

*General Receipts*

Taxes decreased \$452,651, or 6.6%, during fiscal year 2010. This decrease was the result of the economic conditions in the District and rising delinquent taxes. The increase to grants and entitlements receipts is due to the District receiving federal stimulus grants.

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

**MANAGEMENT'S DISCUSSION & ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(UNAUDITED)**

*Disbursements*

Disbursements decreased \$195,297, or 1.2%, during fiscal year 2010.

**Governmental Activities**

If you look at the Statement of Activities on page 12, you will see that the first column lists the major services provided by the District. The next column identifies the costs of providing these services. The major program disbursements for governmental activities are for instruction and support services, which account for 51.7 and 37.0 percent of all governmental disbursements, respectively. The next two columns of the Statement entitled Program Receipts identify amounts paid by people who are directly charged for the service and grants received by the District that must be used to provide a specific service. The Net (Disbursement) Receipt column compares the program receipts to the cost of the service. This "net cost" amount represents the cost of the service which ends up being paid from money provided by local taxpayers. These net costs are paid from the general receipts which are presented at the bottom of the Statement. A comparison between the total cost of services and the net cost is presented in Table 3.

(Table 3)

	<b>Governmental Activities</b>			
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
	2010	2010	2009	2009
Instruction				
Regular	\$ 6,131,168	\$ 5,385,327	\$ 6,150,215	\$ 5,531,652
Special	1,208,367	864,941	1,284,642	494,166
Vocational	128,908	96,495	80,333	51,119
Adult/Continuing	1,933	(3,198)	25,623	1,980
Other Instruction	1,031,939	932,779	1,122,216	1,025,247
Support Services				
Pupils	943,966	818,340	891,866	739,195
Instructional Staff	590,912	412,750	585,848	383,553
Board of Education	43,691	43,691	52,460	51,740
Administration	1,237,098	1,214,801	1,317,453	1,290,029
Fiscal Services	1,183,180	1,183,033	828,126	828,004
Maintenance	1,378,142	1,203,962	1,456,839	1,353,075
Pupil Transportation	670,365	263,465	976,053	495,451
Central	38,269	38,269	38,373	38,373
Non-instructional Services	744,231	(80,537)	702,105	(46,907)
Extra Curricular Activities	632,841	442,602	601,832	411,972
Principal Retirement	446,960	89,960	490,577	133,577
Interest and Fiscal Charges	42,625	42,625	45,331	45,331
<b>Total Disbursements</b>	<b>\$ 16,454,595</b>	<b>\$ 12,949,305</b>	<b>\$ 16,649,892</b>	<b>\$ 12,827,557</b>

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

**MANAGEMENT'S DISCUSSION & ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(UNAUDITED)**

**The District's Funds**

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

**Governmental Funds**

The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District's governmental funds reported combined ending fund balances of \$4,909,406, a decrease of \$73,102 in comparison with the prior year. Approximately 90.3% of this amount (\$4,432,230) constitutes unreserved fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed to liquidate contracts and purchase orders of the prior period (\$325,183) or designated for budget stabilization (\$151,993).

The schedule below indicates the fund balance and the total change in fund balance by fund type as of June 30, 2010 and 2009.

	Fund Balance June 30, 2010	Fund Balance June 30, 2009	Increase (Decrease)
General	\$ 3,981,581	\$ 4,301,094	\$ (319,513)
Other Governmental	927,825	681,414	246,411
Total	<u>\$ 4,909,406</u>	<u>\$ 4,982,508</u>	<u>\$ (73,102)</u>

The general fund is the chief operating fund of the District. At the end of the current fiscal year, unreserved fund balance of the general fund was \$3,691,536, while total fund balance was \$3,981,581. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund disbursements. Unreserved fund balance represents 26.2% of total general fund disbursements, while total fund balance represents 27.2% of that same amount.

As noted above, fund balance of the District's general fund increased significantly during the current fiscal year. The tables that follow assist in illustrating the financial activities and balance of the general fund.

Revenues	2010 Amount	2009 Amount	Percentage Change
Taxes	\$ 6,409,687	\$ 6,862,338	-7%
Payments in Lieu of Taxes	73,285	52,946	38%
Intergovernmental	6,712,330	7,111,159	-6%
Tuition and Fees	582,405	669,038	-13%
Other	189,546	100,543	89%
Total	<u>\$ 13,967,253</u>	<u>\$ 14,796,024</u>	-6%

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

**MANAGEMENT'S DISCUSSION & ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(UNAUDITED)**

This significant decrease in taxes is the result of the poor economic conditions in the District, rising delinquent taxes, and the phase-out of the personal property tax. The decrease to grants and entitlements receipts is due to the District receiving less funding from the state due to changes in the calculation for state funding.

Disbursements by Function	2010 Amount	2009 Amount	Percentage Change
Instruction	\$ 7,896,686	\$ 8,296,234	-5%
Support Services	5,312,062	5,427,188	-2%
Extracurricular Activities	433,433	381,468	14%
Principal Retirement	446,960	490,577	-9%
Interest and Fiscal Charges	42,625	45,331	-6%
Total	<u>\$ 14,131,766</u>	<u>\$ 14,640,798</u>	-3%

The disbursements in the general fund decreased by 3 percent during the fiscal year.

**General Fund Budgeting Highlights**

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

During 2010, the District did not amend its General Fund budget. Actual receipts were \$899,747, or 6% less than final estimated receipts and final disbursements were \$1,352,098, or 8.7% less than final appropriations.

**Capital Assets and Debt Administration**

**Capital Assets**

Because the District reports on the cash basis of accounting, it does not track capital asset activity for financial reporting purposes

**Debt**

At June 30, 2010, the District's outstanding debt consisted mainly of energy conservation bonds and capital leases for facilities and equipment. At June 30, 2010, the School District had \$565,000 in bonds and \$42,325 in capital leases outstanding which is an \$89,960 reduction in debt from the prior period. For further information regarding the District's debt, refer to Notes 11, 12 and 13 to the basic financial statements.



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

**MANAGEMENT'S DISCUSSION & ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010  
(UNAUDITED)**

**Current Issues**

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

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

**Contacting the District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to reflect the District's accountability for the monies it receives. Questions concerning any of the information in this report or requests for additional information should be directed to Nathan Lynch, Treasurer, Upper Sandusky Exempted Village School District, 800 N. Sandusky Ave., Upper Sandusky, Ohio, 43351.

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

**STATEMENT OF NET ASSETS - CASH BASIS  
AS OF JUNE 30, 2010**

	<u>Governmental Activities</u>
<b>Assets</b>	
Cash and Cash Equivalents	\$ 4,899,929
Beneficial Interest in Assets Held by Others	9,477
Total Assets	<u>4,909,406</u>
<b>Net Assets</b>	
Restricted for:	
Capital Projects	365,103
Unexpended Grants	213,707
Other Purposes	123,186
Unrestricted	<u>4,207,410</u>
Total Net Assets	<u><u>\$ 4,909,406</u></u>

See accompanying notes to the basic financial statements.



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

**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES  
GOVERNMENTAL FUNDS  
AS OF JUNE 30, 2010**

	General Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets:</b>			
Cash and Cash Equivalents	\$ 3,981,581	\$ 918,348	\$ 4,899,929
Beneficial Interest in Assets Held by Others	-	9,477	9,477
<b>Total Assets</b>	<b><u>3,981,581</u></b>	<b><u>927,825</u></b>	<b><u>4,909,406</u></b>
<b>Fund Balances:</b>			
Reserved for:			
Encumbrances	138,052	187,131	325,183
Unreserved/Designated, Reported in:			
Designated for Budget Stabilization	151,993	-	151,993
Unreserved/Undesignated, Reported in:			
General Fund	3,691,536	-	3,691,536
Debt Service Fund	-	4,944	4,944
Special Revenue Funds	-	522,192	522,192
Capital Project Funds	-	213,558	213,558
<b>Total Fund Balances</b>	<b><u>\$ 3,981,581</u></b>	<b><u>\$ 927,825</u></b>	<b><u>\$ 4,909,406</u></b>

See accompanying notes to the basic financial statements.

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

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND CHANGES IN CASH  
BASIS FUND BALANCES - GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	General Fund	Other Governmental Funds	Total Governmental Funds
<b>Receipts:</b>			
Property Taxes	\$ 4,030,011	\$ -	\$ 4,030,011
Income Taxes	2,379,676	-	2,379,676
Payments in Lieu of Taxes	73,285	-	73,285
Intergovernmental	6,712,330	1,430,851	8,143,181
Interest	15,980	1,954	17,934
Tuition and Fees	582,405	76,468	658,873
Extracurricular Activities	-	173,950	173,950
Charges for Services	81,740	327,835	409,575
Other Receipts	91,826	46,182	138,008
<b>Total Receipts</b>	<u>13,967,253</u>	<u>2,057,240</u>	<u>16,024,493</u>
<b>Disbursements:</b>			
Current:			
Instruction:			
Regular	5,850,121	281,047	6,131,168
Special	905,580	302,787	1,208,367
Vocational	128,908	-	128,908
Adult/Continuing	-	1,933	1,933
Other	1,012,077	19,862	1,031,939
Support services:			
Pupils	802,054	141,912	943,966
Instructional staff	393,626	197,286	590,912
Board of Education	43,691	-	43,691
Administration	1,207,035	30,063	1,237,098
Fiscal	1,182,936	244	1,183,180
Operation and Maintenance of Plant	975,020	403,122	1,378,142
Pupil Transportation	669,431	934	670,365
Central	38,269	-	38,269
Non-instructional Services	-	744,231	744,231
Extracurricular Activities	433,433	199,408	632,841
Debt service:			
Principal Retirement	446,960	-	446,960
Interest and Fiscal Charges	42,625	-	42,625
<b>Total Disbursements</b>	<u>14,131,766</u>	<u>2,322,829</u>	<u>16,454,595</u>
Excess (Deficiency) of Receipts Over (Under) Disbursements	<u>(164,513)</u>	<u>(265,589)</u>	<u>(430,102)</u>
<b>Other Financing Sources (Uses):</b>			
Proceeds from Notes	357,000	-	357,000
Transfers In	-	512,000	512,000
Transfers Out	(512,000)	-	(512,000)
<b>Total Other Financing Sources (Uses)</b>	<u>(155,000)</u>	<u>512,000</u>	<u>357,000</u>
<b>Net Change in Fund Balances</b>	(319,513)	246,411	(73,102)
Fund Balance at Beginning of Year	<u>4,301,094</u>	<u>681,414</u>	<u>4,982,508</u>
Fund Balance at End of Year	<u>\$ 3,981,581</u>	<u>\$ 927,825</u>	<u>\$ 4,909,406</u>

See accompanying notes to the basic financial statements.

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

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

	Original Budget	Final Budget	Actual	Variance Over/(Under)
<b>Receipts:</b>				
Property Taxes	\$ 4,200,000	\$ 4,200,000	\$ 4,030,011	\$ (169,989)
Income Taxes	2,600,000	2,600,000	2,379,676	(220,324)
Payments in Lieu of Taxes	60,000	60,000	73,285	13,285
Intergovernmental	7,020,000	7,020,000	6,712,330	(307,670)
Interest	50,000	50,000	15,980	(34,020)
Tuition and Fees	703,000	703,000	582,405	(120,595)
Charges for Services	-	-	81,740	81,740
Other	234,000	234,000	91,826	(142,174)
<b>Total Receipts</b>	<b>14,867,000</b>	<b>14,867,000</b>	<b>13,967,253</b>	<b>(899,747)</b>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>Instruction:</b>				
Regular	6,524,212	6,524,212	5,968,127	556,085
Special	1,143,541	1,143,541	905,580	237,961
Vocational	84,349	84,349	128,908	(44,559)
Other	1,169,754	1,169,754	1,013,177	156,577
<b>Support Services:</b>				
Pupils	865,923	865,923	805,293	60,630
Instructional Staff	403,399	403,399	393,626	9,773
Board of Education	54,309	54,309	43,691	10,618
Administration	1,353,425	1,353,425	1,207,679	145,746
Fiscal	916,028	916,028	1,182,968	(266,940)
Operation and Maintenance of Plant	1,196,554	1,196,554	976,970	219,584
Pupil Transportation	1,018,420	1,018,420	682,512	335,908
Central	40,292	40,292	38,269	2,023
Extracurricular Activities	400,548	400,548	433,433	(32,885)
<b>Debt Service:</b>				
Principal Retirement	425,296	425,296	446,960	(21,664)
Interest and Fiscal Charges	25,866	25,866	42,625	(16,759)
<b>Total Expenditures</b>	<b>15,621,916</b>	<b>15,621,916</b>	<b>14,269,818</b>	<b>1,352,098</b>
<b>Excess of Receipts Over (Under) Expenditures</b>	<b>(754,916)</b>	<b>(754,916)</b>	<b>(302,565)</b>	<b>452,351</b>
<b>Other Financing Sources (Uses):</b>				
Proceeds from Notes	357,000	357,000	357,000	-
Transfers Out	(540,750)	(540,750)	(512,000)	28,750
Advances - Out	(200,000)	(200,000)	-	200,000
<b>Total Other Financing Sources (Uses)</b>	<b>(383,750)</b>	<b>(383,750)</b>	<b>(155,000)</b>	<b>228,750</b>
<b>Net Changes in Fund Balances</b>	<b>(1,138,666)</b>	<b>(1,138,666)</b>	<b>(457,565)</b>	<b>681,101</b>
Fund Balances at Beginning of Year	4,293,985	4,293,985	4,293,985	-
Prior Year Encumbrances Appropriated	7,109	7,109	7,109	-
<b>Fund Balances at End of Year</b>	<b>\$ 3,162,428</b>	<b>\$ 3,162,428</b>	<b>\$ 3,843,529</b>	<b>\$ 681,101</b>

See accompanying notes to the basic financial statements.

UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT  
WYANDOT COUNTY

STATEMENT OF FIDUCIARY NET ASSETS - CASH BASIS  
FIDUCIARY FUNDS  
AS OF JUNE 30, 2010

	Agency Funds
<b>Assets:</b>	
Cash and Cash Equivalents	\$ 38,587
Total Assets	<u>38,587</u>
<b>Net Assets</b>	
Restricted Net Assets	<u>38,587</u>
Total Net Assets	<u>\$ 38,587</u>

See accompanying notes to the basic financial statements.

Upper Sandusky Exempted Village School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2010

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**Note 1 - Reporting Entity**

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

The School District was established in 1960 through the consolidation of existing land areas and school districts. The School District serves an area of approximately three hundred square miles. It is located in Wyandot, Marion and Crawford counties and includes the entire City of Upper Sandusky. The School District is staffed by 92 classified employees and 141 certified teaching personnel who provide services to 1,723 students and other community members.

The reporting entity is composed of the primary government, component units, and other organizations that are included to insure the financial statements are not misleading.

**A. Primary Government**

The primary government of the School District consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For Upper Sandusky Exempted Village School District, this includes general operations, food service, and student related activities of the School District.

**B. Component Units**

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. The School District is also financially accountable for any organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the School District, are accessible to the School District and are significant in amount to the School District.

There are no component units of the Upper Sandusky Exempted Village School District.

The School District's reporting entity includes the following:

St. Peter Elementary - Within the School District's boundaries, St. Peter Elementary is operated through the Toledo Catholic Diocese. Current state legislation provides funding to the parochial school. These monies are received and disbursed on behalf of the parochial school by the Treasurer of the School District, as directed by the parochial school.

**C. Jointly Governed Organizations, Public Entity Risk Pools, and/or Related Organizations**

The School District participates in two jointly governed organizations, two public entity risk pools, and is associated with a related organization. These organizations are the Tri-Rivers Educational Computer Association (TRECA), the Vanguard-Sentinel Career and Technology Center, the Ohio School Boards Association Workers' Compensation Group Rating Plan, the Wyandot-Crawford Health Benefit Plan, and the Upper Sandusky Community Public Library. Information about these organizations is presented in Notes 17, 18, and 19 to the basic financial statements.



Upper Sandusky Exempted Village School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2010

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**Note 1 - Reporting Entity** (continued)

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

The School District's management believes these financial statements present all activities for which the School District is financially accountable.

**Note 2 - Summary of Significant Accounting Policies**

As discussed further in Note 2.C, these financial statements are presented on the cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements, Financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. Following are the more significant of the School District's accounting policies.

**A. Basis of Presentation**

The School District's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

**Government-Wide Financial Statements**

The statement of net assets and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The statement of net assets presents the cash balance of the activities of the School District at fiscal year end. The statement of activities compares disbursements with program receipts for each function or program of the School District's activities.

Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the government is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program, and receipts of interest earned on grants that are required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on the cash basis or draws from the School District's general receipts.

Upper Sandusky Exempted Village School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2010

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**Note 2 - Summary of Significant Accounting Policies** (continued)

Fund Financial Statements

During the fiscal year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

B. Fund Accounting

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

Governmental Funds - The School District classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other nonexchange transactions as governmental funds. The School District's only major fund is the General Fund.

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 to the School District for any purpose provided it is expended or transferred according to the general laws of Ohio.

The other governmental funds of the School District account for grants and other resources whose use is restricted to a particular purpose.

Proprietary Funds - The School District has no proprietary funds.

Fiduciary Funds - 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 School District under a trust agreement for individuals, private organizations, or other governments and are not available to support the School District's own programs. The School District has no trust fund accounts. Agency funds are custodial in nature. The School District's agency fund accounts for various student-managed activities.

C. Basis of Accounting

The School District's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the School District's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

Upper Sandusky Exempted Village School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2010

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**Note 2 - Summary of Significant Accounting Policies** (continued)

D. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Board of Education may appropriate. The appropriations resolution is the Board's authorization to spend resources and sets annual limits on cash disbursements plus encumbrances at the level of control selected by the Board. The legal level of control has been established by the Board at the fund level for all funds. Budgetary allocations at the function and object level within all funds are made by the Treasurer. Although the legal level of budgetary control was established at the fund level of expenditures for the general fund, the District has elected to present its respective budgetary statement comparison at the fund and function level of expenditures.

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

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

E. Cash and Investments

To improve cash management, cash received by the School District is pooled and invested. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through School District records. Interest in the pool is presented as "Cash and Cash Equivalents".

Investments of the School District's cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

During the fiscal year, the School District invested in money market funds, nonnegotiable certificates of deposit and STAR Ohio. Investments are reported at cost, except for STAR Ohio. STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2010.

The Beneficial Interest in Assets Held by Others is monies held by the Toledo Community Foundation as of fiscal year end in the District's name. The deposits provide the School District with interest payments each quarter.

Upper Sandusky Exempted Village School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2010

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**Note 2 - Summary of Significant Accounting Policies** (continued)

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest receipts credited to the General Fund during fiscal year 2010 was \$15,980. Interest receipts were also credited to the food service fund, scholarship fund and the Toledo community foundation fund in the amounts of \$125, \$738, and \$1,091, respectively.

F. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or 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 law through constitutional provisions or enabling legislation. The School District had no restricted assets at year-end.

G. Inventory and Prepaid Items

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

H. Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

I. Interfund Receivables/Payables

The School District reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

J. Accumulated Leave

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the School District's cash basis of accounting.

K. Employer Contributions to Cost-Sharing Pension Plans

The School District recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 9 and 10, the employer contributions include portions for pension benefits and for postretirement health care benefits.

L. Long-Term Obligations

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

Upper Sandusky Exempted Village School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2010

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**Note 2 - Summary of Significant Accounting Policies** (continued)

**M. Net Assets**

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

**N. Fund Balance Reserves/Designations**

The School District reserves any portion of fund balances which is not available for appropriation or which is legally segregated for a specific future use. Unreserved fund balance indicates that portion of fund balance which is available for appropriation in future periods. A fund balance reserve has been established for encumbrances.

Designated fund balance indicates the portion of fund balance for which management has an intended use of the resource. The amount set-aside by the Board for Budget Stabilization is reported as a designation.

**O. Interfund Transactions**

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies 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 cash disbursements to the funds that initially paid for them are not presented in the financial statements.

**P. 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 management and are either unusual in nature or infrequent in occurrence. The School District had no extraordinary or special items during the fiscal year.

**Note 3 – Accountability and Compliance**

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

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

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

Upper Sandusky Exempted Village School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2010

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**Note 4 - Budgetary Basis of Accounting**

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budgetary Basis presented for the general fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis is outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis).

The encumbrances outstanding at year end (budgetary basis) amounted to:

General Fund	\$ 138,052
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**Note 5 – Deposits and Investments**

Monies held by the School District are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the School District treasury. Active monies must be maintained either as cash in the School 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 has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

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

Interim monies held by the School District can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, 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 obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;

Upper Sandusky Exempted Village School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2010

**Note 5 – Deposits and Investments** (continued)

6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).
8. Commercial paper and bankers acceptances if training requirements have been met.

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 School 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.

At year end, the School District had \$3,300 in undeposited cash on hand which is included as part of "Cash and Cash Equivalents".

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At fiscal year end, the carrying amount of the School District's deposits was \$3,163,166 and the bank balance was \$3,470,453. Of the bank balance, \$2,372,466 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the School District's name while \$1,097,987 was covered by the Federal Deposit Insurance Corporation (FDIC). The above balances do not include \$3,300 in petty cash held by the district.

The School District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the School District or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose fair market value at all times shall be at least one hundred five percent of the deposits being secured.

Investments

At June 30, 2010, the School District had the following investments:

	Fair Value	Maturity in Years		Percent to Total
		Less than 1	1 to 3	
STAROhio	\$ 1,762,050	\$ 1,762,050	\$ -	99.44%
Money Market Account	10,000	10,000	-	0.56%
Total	<u>\$ 1,772,050</u>	<u>\$ 1,772,050</u>	<u>\$ -</u>	<u>100.00%</u>

Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The School District's investment policy addresses interest rate risk by requiring that the School District's investment portfolio be structured so that securities mature to meet the cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding the need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short-term investments.

Upper Sandusky Exempted Village School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2010

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**Note 5 – Deposits and Investments** (continued)

STAR Ohio carries a rating of AAAm by Standard and Poor's and the money market funds are not rated. The School District has no investment policy dealing with investment credit risk beyond the requirements in state statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service.

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District has no investment policy dealing with investment custodial risk beyond the requirements in Ohio Revised Code.

135.14(M)(2) which states, "Payment for investments shall be made only upon the delivery of securities representing such investments to the treasurer, investing authority, or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from the custodian by the treasurer, governing board, or qualified trustee." The School District's investment in STAR Ohio was not exposed to custodial credit risk.

**Note 6 - Property Taxes**

Property taxes are levied and assessed on a calendar year basis while the School District's fiscal year runs from July through June. First half tax collections are received by the School 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 school district. Real property tax revenue received in calendar year 2010 represents collections of calendar year 2009 taxes. Real property taxes received in calendar year 2010 were levied after April 1, 2009, on the assessed value listed as of January 1, 2009, 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 semiannually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2010 represents collections of calendar year 2009 taxes. Public utility real and tangible personal property taxes received in calendar year 2010 became a lien December 31, 2008, were levied after April 1, 2009 and are collected in 2010 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

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



Upper Sandusky Exempted Village School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2010

**Note 6 - Property Taxes** (continued)

Tangible personal property tax revenue received during calendar 2010 represents the collection of 2009 taxes. Tangible personal property taxes received in calendar year 2010 were levied after April 1, 2009, on the value as of December 31, 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

The School District receives its property taxes from Wyandot, Marion and Crawford Counties. The Counties Auditor periodically advances to the School District its portion of taxes collected. Second-half real property tax payments collected by the Counties by June 30, 2010, are available to finance fiscal year 2010 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

The assessed values upon which fiscal year 2010 taxes were collected are:

	2009 Second - Half Collections		2010 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/ Residential and Other Real Estate	\$209,692,910	96.48%	\$210,706,890	96.40%
Public Utility Personal	7,488,110	3.45%	7,588,270	3.47%
Tangible Personal Property	168,800	0.07%	272,440	0.11%
<b>Total</b>	<b>\$217,349,820</b>	<b>100.00%</b>	<b>\$218,567,600</b>	<b>100.00%</b>
Full Tax rate per \$1,000 of assessed valuation	\$35.30		\$35.30	

**Note 7 - Income Taxes**

On November 8, 2005, the School District voters passed a  $\frac{3}{4}$  percent income tax levy for current expenses on the school district income of individuals and estates. The tax was effective on January 1, 2006, and will continue for 5 years. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the School District after withholding amounts for administrative fees and estimated refunds. Income tax receipts are recorded in the General Fund.

Upper Sandusky Exempted Village School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2010

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**Note 8 - Risk Management**

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2010, the School District contracted with various companies for the following insurance coverage:

Building and Contents - Replacement Cost	\$35,190,135
Automobile Liability	3,000,000
General Liability	
Per Occurrence	3,000,000
Aggregate	5,000,000

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

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

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

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

**Note 9 - Defined Benefit Pension Plans**

**School Employees Retirement System**

Plan Description - The School 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 state statute per Chapter 3309 of the Ohio Revised Code. The School Employees Retirement System issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to SERS, 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746 or by calling (800) 878-5853. It is also posted on SERS' website at [www.ohsers.org](http://www.ohsers.org) under Employer/Audit Resources.

**Note 9 - Defined Benefit Pension Plans** (continued)

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amounts, by the SERS' Retirement Board. The Retirement Board acting with the advice of the actuary, allocates the employer contribution rate among the four funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund) of the System. For fiscal year ending June 30, 2010, the allocation to pension and death benefits is 12.78 percent. The remaining 1.22% of the 14% employer contribution rate is allocated to the Health Care and Medicare B Funds. The School District's contributions for pension obligations to SERS for the fiscal years ended June 30, 2010, 2009, and 2008, were \$279,410, \$257,334, and \$249,310, respectively, equal to the required contributions for each year.

**State Teachers Retirement System**

Plan Description - The School District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system. STRS Ohio is a statewide retirement plan for licensed teachers and other faculty members employed in the public schools of Ohio or any school, college, university, institution or other agency controlled, managed and supported, in whole or in part, by the state or any political subdivision thereof. STRS Ohio issues a stand-alone financial report. Additional information or copies of STRS Ohio's 2002 Comprehensive Annual Financial Report can be requested in writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3371, or by calling (614) 227-4090.

Plan Options – New members have a choice of three retirement plan options. In addition to the Defined Benefit (DB) Plan, new members are offered a Defined Contribution (DC) Plan and a Combined Plan. The DC Plan allows members to invest all their member contributions and employer contributions equal to 10.5% of earned compensation. The Combined Plan offers features of 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. Contributions into the DC Plan and the Combined Plan are credited to member accounts as employers submit their payroll information to STRS Ohio, generally on a biweekly basis. 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.

DB Plan Benefits – Plan benefits are established under Chapter 3307 of the Revised Code. Any member may retire who has (i) five years of service credit and attained age 60; (ii) 25 years of service credit and attained age 55; or (iii) 30 years of service credit regardless of age. The annual retirement allowance, payable for life, is the greater of the "formula benefit" or the "money-purchase benefit" calculation. Under the "formula benefit," the retirement allowance is based on years of credited service and final average salary, which is the average of the member's three highest salary years. The annual allowance is calculated by using a base percentage of 2.2% multiplied by the total number of years of service credit (including Ohio-valued purchased credit) times the final average salary. The 31<sup>st</sup> year of earned Ohio service credit is calculated at 2.5%. An additional one-tenth of a percent is added to the calculation for every year of earned Ohio service over 31 years (2.6% for 32 years, 2.7% for 33 years and so on) until 100% of final average salary is reached. For members with 35 or more years of Ohio contribution service, the first 30 years will be calculated at 2.5% instead of 2.2%. Under the "money-purchase benefit" calculation, a member's lifetime contributions plus interest at specified rates are matched by an equal amount from other STRS Ohio funds. This total is then divided by an actuarially determined annuity factor to determine the maximum annual retirement allowance.

Upper Sandusky Exempted Village School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2010

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**Note 9 - Defined Benefit Pension Plans** (continued)

DC Plan Benefits – Benefits are established under Sections 3307.80 to 3307.89 of the Revised Code. For members who select the DC Plan, all member contributions and employer contributions at a rate of 10.5% are placed in an investment account. The member determines how to allocate the member and employer money among various investment choices. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump-sum withdrawal. Employer contributions into members' accounts are vested after the first anniversary of the first day of paid service. 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.

Combined Plan Benefits – Member contributions are allocated by the member, and employer contributions are used to fund a defined benefit payment. A member's defined benefit is determined by multiplying 1% of the member's final average salary by the member's years of service credit. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60. The defined contribution portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50.

A retiree of STRS Ohio or another Ohio public retirement system is eligible for reemployment as a teacher following the elapse of two months from the date of retirement. Contributions are made by the reemployed member and employer during the reemployment. Upon termination of reemployment or age 65, whichever comes later, the retiree is eligible for an annuity benefit or equivalent lump-sum payment in addition to the original retirement allowance. A reemployed retiree may alternatively receive a refund of only member contributions with interest before age 65, once employment is terminated.

Benefits are increased annually by 3% of the original base amount DB Plan participants.

The DB and Combined Plans offer access to health care coverage to eligible retirees who participated in the plans and their eligible dependents. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. By Ohio law, health care benefits are not guaranteed.

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 members who die before retirement may qualify for survivor benefits. A death benefit of \$1,000 is payable to the beneficiary of each deceased retired member who participated in the DB Plan. Death benefit coverage up to \$2,000 can be purchased by participant in the DB, DC or Combined Plans. Various other benefits are available to members' beneficiaries.

Chapter 3307 of the Revised Code provides the statutory authority for member and employer contributions. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers.

Contribution requirements and the contributions actually made for the fiscal year ended June 30, 2010, were 10 percent of covered payroll for members and 14 percent for employers. The portion used to fund pension obligations was 13 percent. The School District's contributions for pension obligations to STRS for the fiscal years ended June 30, 2010, 2009, and 2008, were \$970,934, \$952,985, and \$962,459, respectively, equal to the required contributions for each year.

**Note 9 - Defined Benefit Pension Plans** (continued)

Social Security

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have the option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2010, four members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid.

**Note 10 – Post-Employment Benefits**

**School Employees Retirement System**

Postemployment Benefits – In addition to a cost-sharing multiple-employer defined benefit pension plan the School Employees Retirement System of Ohio (SERS) administers two postemployment benefit plans.

Medicare Part B Plan – The Medicare B plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code (ORC) 3309.69. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2010 was \$96.40 but could be as high as \$353.60 per month depending on their income. SERS' reimbursement to retirees was \$45.50. The Retirement Board, acting with the advice of the actuary, allocates a portion of the current employer contribution rate to the Medicare B Fund. For fiscal year 2010, the actuarially required allocation is .76%. The School District's contributions for the years ended June 30, 2010, 2009 and 2008 were \$15,168, \$13,786, and \$10,402, respectively, equal to the required contributions for each year.

Health Care Plan – ORC 3309.375 and 3309.69 permit SERS to offer health care benefits to eligible retirees and beneficiaries. SERS' Retirement Board reserves the right to change or discontinue any health plan or program. SERS offers several types of health plans from various vendors, including HMOs, PPOs, Medicare Advantage and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively.

The ORC provides the statutory authority to fund SERS' postemployment benefits through employer contributions. Active members do not make contributions to the postemployment benefit plans.

The Health Care Fund was established under, and is administered in accordance with Internal Revenue Code 105(e). Each year after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer 14% contribution to the Health Care Fund. For the year ended June 30, 2010, the health care allocation is .46%. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2010, the minimum compensation level was established at \$35,800. The surcharge, added to the unallocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contributions assigned to health care for the years ended June 30, 2010, 2009, and 2008 were \$79,033, \$76,465, and \$65,877, respectively, equal to the required contributions for each year.

Upper Sandusky Exempted Village School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2010

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**Note 10 – Post-Employment Benefits** (continued)

The SERS Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

The financial reports of SERS' Health Care and Medicare B plans are included in its *Comprehensive Annual Financial Report*. The report can be obtained by contacting SERS, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling toll free (800) 878-5853. It is also posted on SERS' website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

**State Teachers Retirement System**

Plan Description - The School District contributes to the cost-sharing, multiple employer postemployment benefit Health Plan (the "Plan") administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums.

Pursuant to Chapter 3307 of the Revised Code, the Retirement Board has discretionary authority over how much, if any, of the associated health care costs will be absorbed by STRS Ohio. All benefit recipients, for the most recent year, pay a portion of the health care costs in the form of a monthly premium.

STRS Ohio issues a stand-alone financial report. Interest parties can view the most recent *Comprehensive Annual Financial Report* by visiting [www.strsoh.org](http://www.strsoh.org) or by requesting a copy by calling toll-free 1-888-227-7877.

Funding Policy – Under Ohio law, funding for post-employment health care may be deducted from employer contributions. Of the 14% employer contribution rate, 1% of covered payroll was allocated to post-employment health care for the years ended June 30, 2010, 2009, and 2008. The 14% employer contribution rate is the maximum rate established under Ohio law. The School District's contributions for health care for the fiscal years ended June 30, 2010, 2009, and 2008 were \$69,352, \$68,070, \$68,630, respectively; 100 percent has been contributed for fiscal years 2010, 2009 and 2008.

**Note 11 - Notes Payable**

The changes in the School District's notes payable during fiscal year 2010 were as follows:

	Balance June 30, 2009	Additions	Reductions	Balance June 30, 2010
<u>Bond Anticipation Note</u>				
2009 Issue	\$ 357,000	\$ -	\$ (357,000)	\$ -
2010 Issue	0	357,000	-	357,000
Total	<u>\$ 357,000</u>	<u>\$ 357,000</u>	<u>\$ (357,000)</u>	<u>\$ 357,000</u>

Upper Sandusky Exempted Village School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2010

**Note 11 - Notes Payable** (continued)

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

**Note 12 – Debt**

The changes in the School District’s long-term obligations during fiscal year 2010 were as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due in One Year
Energy Conservation Bonds: Issued 7/04, matures 6/19	\$ 615,000	\$ -	\$ (50,000)	\$ 565,000	\$ 55,000
Capital Leases	82,285	-	(39,960)	42,325	42,235
Total	<u>\$ 697,285</u>	<u>\$ -</u>	<u>\$ (89,960)</u>	<u>\$ 607,325</u>	<u>\$ 97,235</u>

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

Principal and interest requirements to retire the energy conservation bonds are as follows:

Year ending June 30,	Principal	Interest	Total
2011	\$ 55,000	\$ 25,863	\$ 80,863
2012	55,000	23,635	78,635
2013	55,000	21,353	76,353
2014	60,000	18,933	78,933
2015	60,000	16,263	76,263
2016-2019	280,000	35,033	315,033
	<u>\$ 565,000</u>	<u>\$ 141,080</u>	<u>\$ 706,080</u>

The Ohio Revised Code provides that the net debt of a school district, whether or not approved by the people, shall not exceed 9% of the total value of all property in the school district as listed and assessed for taxation. In addition, the unvoted net debt of a school district cannot exceed .1% of the total assessed value of property. The statutory limitations on debt are measured by a direct ratio of net debt to tax valuation and expressed in terms of a percentage. At June 30, 2010, the School District’s total net debt was approximately .26% of the total assessed value of all property within the school district.

Upper Sandusky Exempted Village School District  
Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2010

**Note 13 – Capital Leases**

The School District leases computers under noncancelable leases. The School District disbursed \$44,404 to pay lease costs for the fiscal year ended June 30, 2010. Future lease payments are as follows:

<u>Year</u>	<u>Amount</u>
2011	\$ 44,415
Amount representing interest	(2,090)
Principal Outstanding	<u>\$ 42,325</u>

**Note 14 - Set Aside Requirements**

The School District is required by State statute to annually set aside, in the General Fund, an amount based on a statutory formula for the purchase of textbooks and other instructional materials, and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the fiscal year must be held in cash at fiscal year end. These amounts must be carried forward and used for the same purposes in future years. In addition, though no longer required, the School District opted to designate money for budget stabilization.

The following cash basis information identifies the changes in the fund balance reserves for textbooks and capital improvements, and the budget stabilization designation, during fiscal year 2010.

	Textbook Reserve	Capital Acquisition	Budget Stabilization	Totals
Set-aside cash balance as of June 30, 2008	\$ (208,247)	\$ 0	\$ 151,993	\$ (56,254)
Current year set-aside requirements	283,794	283,794	-	567,588
Offsets	-	(500,000)	-	(500,000)
Qualifying disbursements	(285,841)	-	-	(285,841)
Set-aside reserved balance as of June 30, 2009	<u>\$ (210,294)</u>	<u>\$ (216,206)</u>	<u>\$ 151,993</u>	<u>\$ (274,507)</u>
Set-aside balance carried forward to future fiscal years	<u>\$ (210,294)</u>	<u>-</u>	<u>\$ 151,993</u>	

Although Senate Bill 345 eliminated the required budget stabilization set-aside effective April 10, 2001, the School District has opted to maintain their designation to offset any budget deficit the School District may experience in future fiscal years.

**Note 15 – Interfund Activity**

During the fiscal year, the District transferred from the General Fund \$500,000 to the permanent improvement fund and \$12,000 to the uniform school supplies fund to finance the operations in those funds not covered by financial resources.



**Note 16 – Contingent Liabilities**

Amounts grantor agencies pay to the School District are subject to audit and adjustment by the grantor, principally the federal government. Grantors may require refunding any disallowed costs. Management cannot presently determine amounts grantors may disallow. However, based on prior experience, management believes any refunds would be immaterial.

**Note 17 - Jointly Governed Organizations**

**A. Tri-Rivers Educational Computer Association**

The School District is a participant in the Tri-Rivers Educational Computer Association (TRECA), which is a computer consortium. TRECA is an association of public school districts within the boundaries of Delaware, Marion, Morrow, and Wyandot Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of TRECA consists of two representatives from each county elected by majority vote of all charter member school districts within each county plus one representative from the fiscal agent. Financial information can be obtained from Linda Hoch, who serves as Director, at 2222 Marion-Mt. Gilead Road, Marion, Ohio 43302.

**B. Vanguard-Sentinel Career and Technology Centers**

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

**Note 18 – Public Entity Risk Pools**

**A. Ohio School Boards Association Workers' Compensation Group Rating Plan**

The School District participates in a group rating plan for workers' compensation as established under Section 4123.29, Ohio Revised Code. The Ohio School Boards Association Workers' Compensation Group Rating Plan (the Plan) was established through the Ohio School Boards Association (OSBA) as a group purchasing pool. The group rating plan will allow school districts to group together to potentially achieve a lower premium rate than they may otherwise be able to acquire.

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

**Note 18 – Public Entity Risk Pools** (continued)

**B. Wyandot-Crawford Health Benefit Plan**

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

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

**Note 19 - Related Organization**

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

**Note 20 - Litigation**

The School District is involved in no material litigation as either plaintiff or defendant.

## **SUPPLEMENTARY DATA**

**UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT  
SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	CFDA NUMBER	(A) PASS-THROUGH GRANT NUMBER	(B) CASH FEDERAL RECEIPTS	(B) CASH FEDERAL DISBURSEMENTS
<b>U.S. DEPARTMENT OF AGRICULTURE PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION</b>				
<b>Nutrition Grant Cluster</b>				
(C) (D) School Breakfast Program	10.553	2010	\$ 45,000	\$ 45,000
(D) (E) National School Lunch Program	10.555	2010	255,780	255,780
(C) (D) National School Lunch Program - Food Donation	10.555	2010	1,617	1,617
<b>Total National School Lunch Program</b>			<u>257,397</u>	<u>257,397</u>
<b>Total Nutrition Grant Cluster</b>			<u>302,397</u>	<u>302,397</u>
<b>Total U.S. Department of Agriculture</b>			<u>302,397</u>	<u>302,397</u>
<b>U.S. DEPARTMENT OF EDUCATION PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION</b>				
<b>Title I Grant Cluster</b>				
(F) Title I Grants to Local Educational Agencies	84.010	2009	11,462	17,502
(F) Title I Grants to Local Educational Agencies	84.010	2010	130,624	136,997
<b>Total Title I Grants to Local Educational Agencies</b>			<u>142,086</u>	<u>154,499</u>
(F) ARRA-Title I Grants to Local Educational Agencies, Recovery Act	84.389	2010	43,007	46,447
<b>Total Title I Grant Cluster</b>			<u>185,093</u>	<u>200,946</u>
<b>Special Education Grant Cluster</b>				
(G) Special Education_Grants to States	84.027	2009	35,227	36,577
(G) Special Education_Grants to States	84.027	2010	253,500	289,784
<b>Total Special Education_Grants to States</b>			<u>288,727</u>	<u>326,361</u>
(G) ARRA-Special Education Grants to States, Recovery Act	84.391	2010	77,810	81,587
<b>Total Special Education Grant Cluster</b>			<u>366,537</u>	<u>407,948</u>
Safe and Drug-Free Schools and Communities_State Grants	84.186	2010	2,403	2,877
Education Technology State Grants	84.318	2010	1,754	1,776
Improving Teacher Quality State Grants	84.367	2009	4,896	7,156
Improving Teacher Quality State Grants	84.367	2010	47,526	47,526
<b>Total Improving Teach Quality State Grants</b>			<u>52,422</u>	<u>54,682</u>
ARRA-State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394	2010	388,548	298,466
<b>Total U.S. Department of Education</b>			<u>996,757</u>	<u>966,695</u>
<b>Total Federal Financial Assistance</b>			<u>\$ 1,299,154</u>	<u>\$ 1,269,092</u>

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



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

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**Report on Internal Control Over Financial Reporting and on Compliance and  
Other Matters Based on an Audit of Financial Statements Performed  
in Accordance with *Government Auditing Standards***

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

To the Board of Education:

We have audited the financial statements of the governmental activities, its major fund, and the aggregate remaining fund information of Upper Sandusky Exempted Village School District, Wyandot County, Ohio, as of and for the fiscal year ended June 30, 2010, which collectively comprise the Upper Sandusky Exempted Village School District's basic financial statements and have issued our report thereon dated November 12, 2010, wherein we noted the Upper Sandusky Exempted Village School District uses a comprehensive accounting basis other than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Upper Sandusky Exempted Village School District's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the Upper Sandusky Exempted Village School District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Upper Sandusky Exempted Village School District's internal control over financial reporting.

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

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

Board of Education  
Upper Sandusky Exempted Village School District

Compliance and Other Matters

As part of reasonably assuring whether the Upper Sandusky Exempted Village School District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed four instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying schedule of findings and responses as items 2010-USEVSD-001 through 2010-USEVSD-004.

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

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

A handwritten signature in cursive script that reads "Julian & Grube, Inc.".

Julian & Grube, Inc.  
November 12, 2010



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

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

**Report on Compliance with Requirements Applicable to Each  
Major Federal Program and on Internal Control Over  
Compliance in Accordance With OMB Circular A-133**

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

To the Board of Education:

Compliance

We have audited the compliance of the Upper Sandusky Exempted Village School District, Wyandot County, Ohio, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that apply to each of its major federal programs for the fiscal year ended June 30, 2010. The summary of auditor's results section of the accompanying schedule of findings and responses identifies the Upper Sandusky Exempted Village School District's major federal programs. The Upper Sandusky Exempted Village School District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the Upper Sandusky Exempted Village School District's compliance based on our audit.

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

In our opinion, the Upper Sandusky Exempted Village School District complied, in all material respects, with the requirements referred to above that apply to each of its major federal programs for the fiscal year ended June 30, 2010.

Board of Education  
Upper Sandusky Exempted Village School District

Internal Control Over Compliance

The Upper Sandusky Exempted Village School District's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Upper Sandusky Exempted Village School District's internal control over compliance with requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of opining on compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the Upper Sandusky Exempted Village School District's internal control over compliance.

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

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

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



Julian & Grube, Inc.  
November 12, 2010



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

**SCHEDULE OF FINDINGS AND RESPONSES  
OMB CIRCULAR A-133 § .505  
JUNE 30, 2010**

<b>1. SUMMARY OF AUDITOR'S RESULTS</b>		
<i>(d)(1)(i)</i>	<i>Type of Financial Statement Opinion</i>	Unqualified
<i>(d)(1)(ii)</i>	<i>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(ii)</i>	<i>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iii)</i>	<i>Was there any reported material noncompliance at the financial statement level (GAGAS)?</i>	Yes
<i>(d)(1)(iv)</i>	<i>Were there any material internal control weaknesses reported for major federal programs?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any significant deficiencies in internal control reported for major federal programs?</i>	No
<i>(d)(1)(v)</i>	<i>Type of Major Programs' Compliance Opinion</i>	Unqualified
<i>(d)(1)(vi)</i>	<i>Are there any reportable findings under §.510(a)?</i>	No
<i>(d)(1)(vii)</i>	<i>Major Programs (listed):</i>	Special Education Cluster: Special Education - Grants to States, CFDA #84.027 and ARRA Special Education - Grants to States, CFDA #84.391; Nutrition Cluster: School Breakfast - CFDA #10.553 and National School Lunch - CFDA #10.555
<i>(d)(1)(viii)</i>	<i>Dollar Threshold: Type A/B Programs</i>	Type A: > \$300,000 Type B: all others
<i>(d)(1)(ix)</i>	<i>Low Risk Auditee?</i>	Yes

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

**SCHEDULE OF FINDINGS AND RESPONSES  
OMB CIRCULAR A-133 § .505  
JUNE 30, 2010**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>	
Finding Number	2010-USEVSD-001

Ohio Administrative Code §117-2-03(B) requires the District to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America (GAAP). However, as described in Note 1, the District prepares its financial statements on the basis of accounting in accordance with standards established by the Auditor of State for governmental entities that are not required to prepare annual reports in accordance with accounting principles generally accepted in the United States of America. This basis of accounting is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

The accompanying financial statements omit assets, liabilities, and fund equities, and disclosures that, while material, cannot be determined at this time. The District may be fined and various other administrative remedies may be taken against the District. Also, the lack of complying with this requirement could potentially place federal funding in jeopardy.

We recommend that the District file their financial report in accordance with GAAP. The District may find it beneficial to consult with an accounting firm to assist them in compiling their financial statements in accordance with GAAP.

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

Finding Number	2010-USEVSD-002
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Ohio Revised Code Section 5705.39 states that the total appropriation from each fund shall not exceed the total estimated revenue.

The following funds had appropriations in excess of total estimated resources at June 30, 2010:

<u>Nonmajor Governmental Funds:</u>	<u>Estimated Resources</u>	<u>Appropriations</u>	<u>Excess</u>
Permanent Improvement	\$ 420,852	\$ 571,000	\$ 150,148
Martha Holden-Jenkins	4,185	5,500	1,315
SchoolNet Plus	464	15,000	14,536
Title IV-B	735,898	771,179	35,281
Title IV-B	2,335	5,138	2,803
Title II-A	65,571	94,168	28,597

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

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

**SCHEDULE OF FINDINGS AND RESPONSES  
OMB CIRCULAR A-133 § .505  
JUNE 30, 2010**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)</b>	
Finding Number	2010-USEVSD-002 - (Continued)

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

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

Finding Number	2010-USEVSD-003
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Ohio Revised Code Sections 5705.36, in part, requires Districts to certify to the County Auditor the total amount from all sources which are available for expenditures from each fund in the tax budget along with any unencumbered balances that existed at the end of the preceding year.

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

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

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

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

Finding Number	2010-USEVSD-004
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Ohio Revised Code Section 5705.36 (A)(4) states that upon a determination by the fiscal officer of a subdivision that the revenue to be collected by the subdivision will be less than the amount included in an official certificate and that the amount of the deficiency will reduce available resources below the level of current appropriations, the fiscal officer shall certify the amount of the deficiency to the commission, and the commission shall certify an amended certificate reflecting the deficiency.

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

**SCHEDULE OF FINDINGS AND RESPONSES  
OMB CIRCULAR A-133 § .505  
JUNE 30, 2010**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS - (Continued)</b>	
Finding Number	2010-USEVSD-004 - (Continued)

At June 30, 2010, the District had appropriations greater than actual resources, in the following funds:

	Actual		
<u>Nonmajor Governmental Funds:</u>	<u>Resources</u>	<u>Appropriations</u>	<u>Excess</u>
Permanent Improvement	\$ 384,031	\$ 571,000	\$ 186,969
Building Fund	2,942	1,260,000	1,257,058
Martha Holden-Jenkins Grant	4,069	5,500	1,431
SchoolNet Plus	464	15,000	14,536
Title VI-B	331,253	771,179	439,926
Title I	194,080	270,783	76,703
Title II-A	23,806	94,186	70,380

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

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

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

<b>3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS</b>
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None

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

**STATUS OF PRIOR AUDIT FINDINGS  
OMB CIRCULAR A-133 § .505  
JUNE 30, 2010**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Fully Corrected?</b>	<b>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; Finding no Longer Valid</b>
2009-001	Ohio Administrative Code Section 117-2-03(B) requires the District to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America (GAAP).	No	Repeated as finding 2010-USEVSD-001
2009-002	Ohio Revised Code Section 5705.39 states that the total appropriations from each fund shall not exceed the total estimated revenue.	No	Repeated as finding 2010-USEVSD-002
2009-003	Ohio Revised Code Section 5705.36(A)(4) allows all subdivisions to requests increased amended certificates of estimated resources and reduced amended certificates upon determination by the Fiscal Officer that revenues to be collected will be greater or less than the amount the official certificate of estimated resources.	No	Repeated as finding 2010-USEVSD-004
2009-004	Ohio Revised Code Section 5705.10 states money paid into a fund must be used only for the purposes for which such fund has been established. As a result, a negative fund balance indicates that money from one fund was used to cover expenses of another fund.	Yes	N/A

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**Mary Taylor, CPA**  
Auditor of State

UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT

WYANDOT COUNTY

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

CLERK OF THE BUREAU

CERTIFIED  
JANUARY 18, 2011