

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

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2006



Mary Taylor, CPA
Auditor of State

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

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Clyde-Green Springs Exempted Village School District, Sandusky County, Ohio (the District), as of and for the year ended June 30, 2006, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the major fund, and the aggregate remaining fund information of the Clyde-Green Springs Exempted Village School District, Sandusky County, Ohio, as of June 30, 2006, and the respective changes in financial position thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 8, 2007, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

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



Mary Taylor, CPA
Auditor of State

February 8, 2007

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
UNAUDITED**

The management's discussion and analysis of the Clyde-Green Springs Exempted Village School District's (the "District") financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2006. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for 2006 are as follows:

- In total, net assets of governmental activities increased \$219,775 which represents a 3.54% increase from 2005.
- General revenues accounted for \$17,097,647 in revenue or 83.20% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$3,450,020 or 16.80% of total revenues of \$20,547,667.
- The District had \$20,327,892 in expenses related to governmental activities; only \$3,450,020 of these expenses was offset by program specific charges for services, grants or contributions. General revenues supporting governmental activities (primarily taxes and unrestricted grants and entitlements) of \$17,097,647 were adequate to provide for these programs.
- The District's major governmental fund is the general fund. The general fund had \$17,318,602 in revenues and other financing sources and \$16,994,069 in expenditures. During fiscal 2006, the general fund's fund deficit balance decreased \$284,554 from \$524,166 to a deficit of \$239,612.

Using These Basic Financial Statements

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

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
UNAUDITED
(Continued)

Reporting the District as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2006?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include all assets, liabilities, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

Reporting the District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
UNAUDITED
(Continued)

Reporting the District's Fiduciary Responsibilities

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

Notes to the Basic Financial Statements

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

The District as a Whole

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

The table below provides a summary of the District's net assets for 2006 and 2005.

	Net Assets	
	Governmental Activities <u>2006</u>	Governmental Activities <u>2005</u>
<u>Assets</u>		
Current and other assets	\$ 10,112,402	\$ 8,687,313
Capital assets, net	<u>11,868,038</u>	<u>11,795,860</u>
Total assets	<u>21,980,440</u>	<u>20,483,173</u>
<u>Liabilities</u>		
Current liabilities	8,403,941	7,206,006
Long-term liabilities	<u>7,153,857</u>	<u>7,074,300</u>
Total liabilities	<u>15,557,798</u>	<u>14,280,306</u>
<u>Net Assets</u>		
Invested in capital assets, net of related debt	6,962,720	6,865,463
Restricted	626,087	568,853
Unrestricted (deficit)	<u>(1,166,165)</u>	<u>(1,231,449)</u>
Total net assets	<u>\$ 6,422,642</u>	<u>\$ 6,202,867</u>

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2006, the District's assets exceeded liabilities by \$6,422,642. Of this total, \$626,087 is restricted in use.

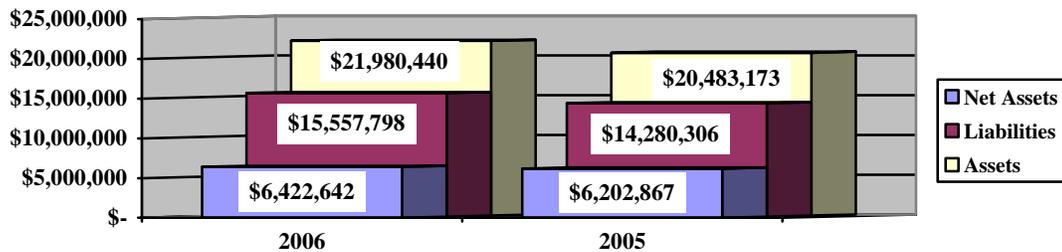
**CLYDE-GREEN SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
SANDUSKY COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
UNAUDITED
(Continued)

At year-end, capital assets represented 53.99% of total assets. Capital assets include land, improvements other than buildings, buildings and improvements, furniture and equipment and vehicles. Capital assets, net of related debt to acquire the assets at June 30, 2006, were \$6,962,720. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District's net assets, \$626,087, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets is a deficit of \$1,166,165.

Governmental Activities



The table below shows the change in net assets for fiscal years 2006 and 2005.

	Change in Net Assets	
	Governmental Activities 2006	Governmental Activities 2005
Revenues		
Program revenues:		
Charges for services and sales	\$ 1,611,151	\$ 830,685
Operating grants and contributions	1,792,084	2,310,045
Capital grants and contributions	46,785	137,260
General revenues:		
Property taxes	6,703,256	7,151,807
Payments in-lieu of taxes	457,114	367,462
Grants and entitlements	9,578,260	8,591,717
Investment earnings	162,133	297,412
Other	196,884	104,383
Total revenues	\$ 20,547,667	\$ 19,790,771

Continued

**CLYDE-GREEN SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
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MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
UNAUDITED
(Continued)

	Change in Net Assets	
	Governmental Activities <u>2006</u>	Governmental Activities <u>2005</u>
<u>Expenses</u>		
Program expenses:		
Instruction:		
Regular	\$ 9,387,915	\$ 8,711,329
Special	2,447,535	2,408,263
Vocational	107,360	104,587
Other	118,657	103,972
Support services:		
Pupil	994,744	1,104,146
Instructional staff	556,867	686,227
Board of education	28,509	29,789
Administration	1,578,184	1,635,707
Fiscal	426,675	445,938
Business	26,942	5,971
Operations and maintenance	1,681,650	1,585,247
Pupil transportation	936,644	921,902
Central	32,104	44,643
Operations of non-instructional services	17,461	
Food service operations	833,422	693,857
Extracurricular Activities	775,117	670,299
Intergovernmental pass through	43,280	56,118
Interest and fiscal charges	<u>334,826</u>	<u>406,677</u>
Total expenses	<u>20,327,892</u>	<u>19,614,672</u>
Change in net assets	219,775	176,099
Net assets at beginning of year	<u>6,202,867</u>	<u>6,026,768</u>
Net assets at end of year	<u>\$ 6,422,642</u>	<u>\$ 6,202,867</u>

Governmental Activities

Net assets of the District's governmental activities increased \$219,775. Total governmental expenses of \$20,327,982 were offset by program revenues of \$3,450,020 and general revenues of \$17,097,647. Program revenues supported 16.97% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes, and grants and entitlements. These revenue sources represent 81.46% of total governmental revenue.

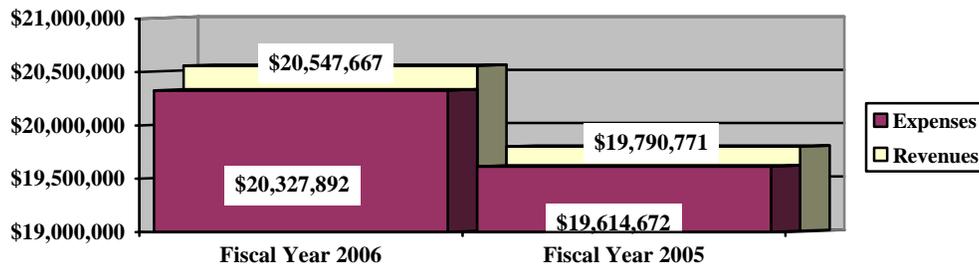
The largest expense of the District is for instructional programs. Instruction expenses totaled \$12,061,467 or 59.33% of total governmental expenses for fiscal 2006.

**CLYDE-GREEN SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
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MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
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(Continued)

The graph below presents the District's governmental activities revenue and expenses for fiscal year 2006 and 2005.

Governmental Activities - Revenues and Expenses



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

**CLYDE-GREEN SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
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MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
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(Continued)

Governmental Activities

	Total Cost of Services <u>2006</u>	Net Cost of Services <u>2006</u>	Total Cost of Services <u>2005</u>	Net Cost of Services <u>2005</u>
Program expenses				
Instruction:				
Regular	\$ 9,387,915	\$ 8,314,720	\$ 8,711,329	\$ 8,275,475
Special	2,447,535	1,669,510	2,408,263	976,636
Vocational	107,360	107,360	104,587	93,491
Other	118,657	118,657	103,972	103,972
Support services:				
Pupil	994,744	782,685	1,104,146	960,883
Instructional staff	556,867	543,581	686,227	674,414
Board of education	28,509	28,509	29,789	29,789
Administration	1,578,184	1,510,451	1,635,707	1,500,059
Fiscal	426,675	422,560	445,938	438,655
Business	26,942	26,942	5,971	5,971
Operations and maintenance	1,681,650	1,680,938	1,585,247	1,571,075
Pupil transportation	936,644	931,783	921,902	882,178
Central	32,104	17,104	44,643	15,340
Operations of non-instructional services	17,461	(14,445)		
Food service operations	833,422	(94,297)	693,857	(50,151)
Extracurricular activities	775,117	498,545	670,299	442,113
Intergovernmental pass through	43,280	(1,557)	56,118	10,105
Interest and fiscal charges	<u>334,826</u>	<u>334,826</u>	<u>406,677</u>	<u>406,677</u>
 Total expenses	 <u>\$ 20,327,892</u>	 <u>\$ 16,877,872</u>	 <u>\$ 19,614,672</u>	 <u>\$ 16,336,682</u>

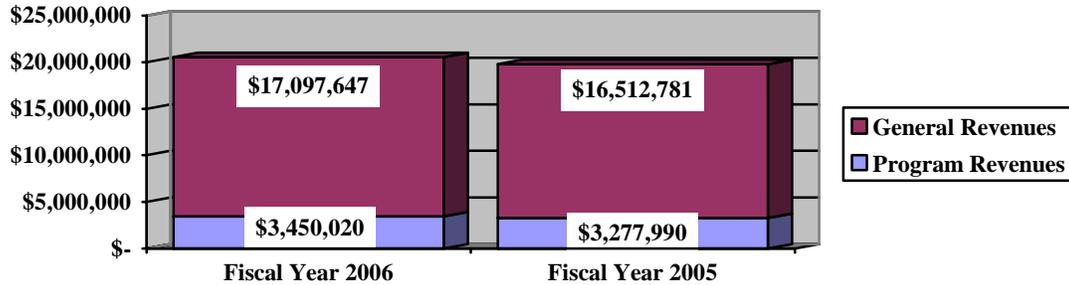
The dependence upon tax and other general revenues for governmental activities is apparent, 84.65% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 83.02%. The District's taxpayers, as a whole, are by far the primary support for District's students.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
UNAUDITED
(Continued)

The graph below presents the District's governmental activities revenue for fiscal year 2006 and 2005.

Governmental Activities - General and Program Revenues



The District's Funds

The District's governmental funds reported a combined fund balance of \$503,075, which is greater than last year's total of \$202,152. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2006 and 2005.

	Fund Balance (Deficit) <u>June 30, 2006</u>	Fund Balance (Deficit) <u>June 30, 2005</u>	Increase (Decrease)
General	\$ (239,612)	\$ (524,166)	\$ 284,554
Other Governmental	<u>742,687</u>	<u>726,318</u>	<u>16,369</u>
Total	<u>\$ 503,075</u>	<u>\$ 202,152</u>	<u>\$ 300,923</u>

General Fund

The District's general fund deficit balance decreased \$284,554. The decrease in fund deficit balance can be attributed to several items related primarily to increased revenues and decreased expenditures. The table that follows assists in illustrating the financial activities and fund deficit balance of the general fund.

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

	<u>2006</u>	<u>2005</u>	<u>Increase</u>	<u>Percentage</u>
	<u>Amount</u>	<u>Amount</u>	<u>(Decrease)</u>	<u>Change</u>
<u>Revenues</u>				
Taxes	\$ 6,173,908	\$ 5,625,774	\$ 548,134	9.74 %
Tuition	514,208	9,765	504,443	5,165.83 %
Earnings on investments	60,876	101,411	(40,535)	(39.97) %
Intergovernmental	9,676,117	9,219,702	456,415	4.95 %
Other revenues	<u>591,745</u>	<u>481,425</u>	<u>110,320</u>	22.92 %
Total	<u>\$ 17,016,854</u>	<u>\$ 15,438,077</u>	<u>\$ 1,578,777</u>	10.23 %
<u>Expenditures</u>				
Instruction	\$ 10,266,746	\$ 10,208,935	57,811	0.57 %
Support services	5,931,752	5,975,924	(44,172)	(0.74) %
Extracurricular activities	420,026	382,348	37,678	9.85 %
Facilities acquisition and construction	7,696	30,810	(23,114)	(75.02) %
Capital outlay	299,921		299,921	100.00 %
Debt service	<u>67,928</u>	<u>23,427</u>	<u>44,501</u>	189.96 %
Total	<u>\$ 16,994,069</u>	<u>\$ 16,621,444</u>	<u>\$ 372,625</u>	2.24 %

General Fund Budgeting Highlights

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

During the course of fiscal 2006, the District amended its general fund budget numerous times. For the general fund, final budgeted revenues and other financing sources were \$17,024,338, which was higher than the original budgeted revenues estimate of \$15,318,248. Actual revenues and other financing sources for fiscal 2006 was \$17,024,336. Actual revenues and other financing sources came in \$2 lower than final budgeted revenues.

General fund original appropriations (appropriated expenditures including other financing uses) of \$16,230,663 were increased to \$16,632,179 in the final budget. The actual budget basis expenditures and other financing uses for fiscal year 2006 totaled \$16,631,037, which was \$1,142 less than the final budget appropriations.

**CLYDE-GREEN SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
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MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
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Capital Assets and Debt Administration

Capital Assets

At the end of fiscal 2006, the District had \$11,868,038 invested in land, improvements other than buildings, buildings and improvements, furniture and equipment and vehicles. This entire amount is reported in governmental activities. The following table shows fiscal 2006 balances compared to 2005:

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

	Governmental Activities	
	2006	2005
Land	\$ 423,960	\$ 423,960
Improvements other than buildings	633,181	683,717
Building and improvements	9,583,853	9,717,881
Furniture and equipment	1,090,144	799,996
Vehicles	136,900	170,306
Total	<u>\$ 11,868,038</u>	<u>\$ 11,795,860</u>

The overall increase in capital assets of \$72,178 is due to capital outlays of \$625,000 exceeding depreciation expense of \$551,584 and disposals of \$1,238 (net of accumulated depreciation) in the fiscal year.

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

Debt Administration

At June 30, 2006, the District had \$4,800,977 in general obligation bonds outstanding. Of this total, \$255,000 is due within one year and \$4,545,977 is due within greater than one year. The following table summarizes the bonds outstanding.

Outstanding Debt, at Year End

	Governmental Activities 2006	Governmental Activities 2005
General obligation bonds	<u>\$ 4,800,977</u>	<u>\$ 4,993,473</u>
Total	<u>\$ 4,800,977</u>	<u>\$ 4,993,473</u>

At June 30, 2006, the District's overall legal debt margin was \$12,063,064 and an unvoted debt margin of \$182,200.

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
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(Continued)

Current Financial Related Activities

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

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

Declining enrollments have been a concern and while they continue to be monitored very closely, the additional housing opportunities should help to offset some of this decline. The 2005-06 school year marked the second year the District has had an open enrollment policy allowing students from other districts to attend the District tuition-free. Each open enrollment student brings with them state foundation funding. Participation has been very good with more students coming into the district for education than leaving the district on open enrollment. The future of open enrollment as a source of revenue looks promising.

The District closely monitors its revenues and expenditures in accordance with its financial forecast. Recent reductions in state funding as well as the loss of tax revenue from business inventories and personal property tax reimbursements from the state have played a part in the deficit spending the District has experienced. The District had two unsuccessful attempts to pass additional operating levies in fiscal year 2005. The District was, however, successful in passing a \$1,265,000 5 year emergency levy at the August, 2006 election. This levy is expected to help carry the District through at least the next three fiscal years.

Contacting the District's Financial Management

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

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

**STATEMENT OF NET ASSETS
JUNE 30, 2006**

	Governmental Activities
Assets:	
Equity in pooled cash and cash equivalents.	\$ 1,631,119
Receivables:	
Taxes	8,163,240
Accounts	3,076
Accrued interest	5,469
Intergovernmental	102,187
Prepayments	51,401
Materials and supplies inventory	36,916
Unamortized bond issuance costs.	118,994
Capital assets:	
Land	423,960
Depreciable capital assets, net	11,444,078
Capital assets, net.	11,868,038
 Total assets.	 21,980,440
 Liabilities:	
Accounts payable.	37,792
Accrued wages and benefits	1,489,492
Pension obligation payable.	432,708
Intergovernmental payable	62,215
Deferred revenue	6,363,172
Accrued interest payable	18,562
Long-term liabilities:	
Due within one year.	474,796
Due within more than one year	6,679,061
 Total liabilities	 15,557,798
 Net Assets:	
Invested in capital assets, net of related debt.	6,962,720
Restricted for:	
Capital projects	104,401
Debt service.	396,071
State funded programs	6,850
Federally funded programs	334
Student activities	107,390
Other purposes	11,041
Unrestricted (deficit)	(1,166,165)
 Total net assets	 \$ 6,422,642

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

**STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets
Expenses		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental activities:					
Instruction:					
Regular	\$ 9,387,915	\$ 608,813	\$ 440,958	\$ 23,424	\$ (8,314,720)
Special	2,447,535		778,025		(1,669,510)
Vocational	107,360				(107,360)
Other	118,657				(118,657)
Support services:					
Pupil	994,744	158,037	54,022		(782,685)
Instructional staff	556,867		13,286		(543,581)
Board of education	28,509				(28,509)
Administration	1,578,184	343	67,390		(1,510,451)
Fiscal	426,675		3,577	538	(422,560)
Business	26,942				(26,942)
Operations and maintenance	1,681,650			712	(1,680,938)
Pupil transportation	936,644		3,054	1,807	(931,783)
Central	32,104		15,000		(17,104)
Operation of non-instructional services:					
Non-instructional services	17,461		11,602	20,304	14,445
Food service operations	833,422	567,386	360,333		94,297
Extracurricular activities	775,117	276,572			(498,545)
Intergovernmental pass through	43,280		44,837		1,557
Interest and fiscal charges	334,826				(334,826)
Total governmental activities	<u>\$ 20,327,892</u>	<u>\$ 1,611,151</u>	<u>\$ 1,792,084</u>	<u>\$ 46,785</u>	<u>(16,877,872)</u>
 General Revenues:					
Property taxes levied for:					
General purposes					6,122,515
Debt service					386,735
Capital projects					194,006
Payments in-lieu of taxes					457,114
Grants and entitlements not restricted					
to specific programs					9,578,260
Investment earnings					162,133
Miscellaneous					196,884
Total general revenues					<u>17,097,647</u>
Change in net assets					219,775
Net assets at beginning of year					<u>6,202,867</u>
Net assets at end of year					<u>\$ 6,422,642</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2006**

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:			
Equity in pooled cash and cash equivalents	\$ 795,089	\$ 824,989	\$ 1,620,078
Receivables:			
Taxes	7,495,794	667,446	8,163,240
Accounts	3,023	53	3,076
Accrued interest	5,469		5,469
Interfund loans	108,805		108,805
Intergovernmental		102,187	102,187
Prepayments	51,401		51,401
Materials and supplies inventory		36,916	36,916
Restricted assets:			
Equity in pooled cash and cash equivalents	11,041		11,041
Total assets	<u>\$ 8,470,622</u>	<u>\$ 1,631,591</u>	<u>\$ 10,102,213</u>
Liabilities:			
Accounts payable	\$ 22,281	\$ 15,511	\$ 37,792
Accrued wages and benefits	1,390,691	98,801	1,489,492
Compensated absences payable	81,945	8,345	90,290
Pension obligation payable	386,229	46,479	432,708
Intergovernmental payable	59,073	3,142	62,215
Interfund loan payable		108,805	108,805
Deferred revenue	6,770,015	607,821	7,377,836
Total liabilities	<u>8,710,234</u>	<u>888,904</u>	<u>9,599,138</u>
Fund Balances:			
Reserved for encumbrances	63,161	161,176	224,337
Reserved for materials and supplies inventory		36,916	36,916
Reserved for property tax unavailable for appropriation	725,779	64,625	790,404
Reserved for prepayments	51,401		51,401
Reserved for school bus purchases	11,041		11,041
Unreserved, undesignated (deficit), reported in:			
General fund	(1,090,994)		(1,090,994)
Special revenue funds		255,609	255,609
Capital projects funds		(93,618)	(93,618)
Debt service fund		317,979	317,979
Total fund balances (deficit)	<u>(239,612)</u>	<u>742,687</u>	<u>503,075</u>
Total liabilities and fund balances	<u>\$ 8,470,622</u>	<u>\$ 1,631,591</u>	<u>\$ 10,102,213</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET ASSETS OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2006

Total governmental fund balances		\$ 503,075
<i>Amounts reported for governmental activities in the statement of net assets are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		11,868,038
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Taxes	\$ 1,009,664	
Intergovernmental revenue	<u>5,000</u>	
Total		1,014,664
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.		(18,562)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
General obligation bonds	4,800,977	
Capital lease obligation	245,802	
Compensated absences	<u>1,846,753</u>	
Total		(6,893,532)
Unamortized premiums on bond issuances are not recognized in the funds.		255,075
Unamortized deferred amount on advance refunding is not recognized in the funds.		(425,110)
Unamortized bond issuance costs are not recognized in the funds.		<u>118,994</u>
Net assets of governmental activities		<u><u>\$ 6,422,642</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:			
From local sources:			
Taxes	\$ 6,173,908	\$ 610,463	\$ 6,784,371
Tuition	514,208		514,208
Earnings on investments	60,876	101,257	162,133
Extracurricular	16,005	276,572	292,577
Charges for services		725,423	725,423
Classroom materials and fees	67,792	343	68,135
Other local revenues	507,948	156,858	664,806
Intergovernmental - state	9,668,932	232,697	9,901,629
Intergovernmental - federal	7,185	1,515,125	1,522,310
Total revenue	<u>17,016,854</u>	<u>3,618,738</u>	<u>20,635,592</u>
Expenditures:			
Current:			
Instruction:			
Regular	8,379,306	494,127	8,873,433
Special	1,661,911	797,713	2,459,624
Vocational	110,969		110,969
Other	114,560		114,560
Support Services:			
Pupil	931,957	59,624	991,581
Instructional staff	562,374	15,153	577,527
Board of education	28,509		28,509
Administration	1,447,957	139,844	1,587,801
Fiscal	405,559	19,122	424,681
Business	26,942		26,942
Operations and maintenance	1,651,896	6,841	1,658,737
Pupil transportation	864,486	21,092	885,578
Central	12,072	15,000	27,072
Operation of non-instructional services:			
Non-instructional services		12,378	12,378
Food service operations		854,638	854,638
Extracurricular activities	420,026	295,148	715,174
Facilities acquisition and construction	7,696	348,989	356,685
Capital outlay	299,921		299,921
Intergovernmental pass through		45,925	45,925
Debt service:			
Principal retirement	54,119	235,000	289,119
Interest and fiscal charges	13,809	272,501	286,310
Total expenditures	<u>16,994,069</u>	<u>3,633,095</u>	<u>20,627,164</u>
Excess of revenues over (under) expenditures	<u>22,785</u>	<u>(14,357)</u>	<u>8,428</u>
Other financing sources:			
Sale of capital assets	1,827		1,827
Capital lease transaction	299,921		299,921
Total other financing sources	<u>301,748</u>		<u>301,748</u>
Net change in fund balances	324,533	(14,357)	310,176
Fund balances (deficit) at beginning of year	(524,166)	726,318	202,152
Increase (decrease) in reserve for inventory	(39,979)	30,726	(9,253)
Fund balances (deficit) at end of year	<u>\$ (239,612)</u>	<u>\$ 742,687</u>	<u>\$ 503,075</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

Net change in fund balances - total governmental funds \$ 310,176

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

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their useful lives as depreciation expense.

Capital outlay	\$ 625,000	
Depreciation expense	(551,584)	
Total	73,416	73,416

Governmental funds only report the gain from the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal. (1,238)

Governmental funds report expenditures for inventory when purchased. However, in the statement of activities, they are reported as an expense when consumed. (9,253)

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

Taxes	(81,115)	
Intergovernmental	(6,810)	
Total	(87,925)	(87,925)

Repayment of bond, loan and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net assets. 289,119

Proceeds of capital leases are recorded as revenue in the funds, however, on the statement of activities, they are not reported as revenues as they increase liabilities on the statement of net assets. (299,921)

Premiums on debt issuances are recognized as revenues in the governmental funds, however, they are amortized over the life of the issuance in the statement of activities. 16,092

Deferred charges are recognized as expenditures in the governmental funds, however, they are amortized over the life of the issuance in the statement of activities. (19,012)

Bond issuance costs are recognized as expenditures in the governmental funds, however, they are amortized over the life of the issuance in the statement of activities. (4,505)

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

Decrease in accrued interest payable	1,413	
Accretion of interest on capital appreciation bonds	(42,504)	
Total	(41,091)	(41,091)

Some expenses reported in the statement of activities, such as compensated absences, do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. (6,083)

Change in net assets of governmental activities \$ 219,775

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
From local sources:				
Taxes	\$ 5,764,698	\$ 6,406,748	\$ 6,406,748	
Tuition.	21,838	24,270	24,270	
Earnings on investments.	54,073	60,096	60,096	
Extracurricular.	14,401	16,005	16,005	
Classroom materials and fees.	60,895	80,369	67,677	\$ (12,692)
Other local revenues.	454,916	492,892	505,583	12,691
Intergovernmental - state	8,788,922	9,767,799	9,767,798	(1)
Intergovernmental - federal.	6,465	7,185	7,185	
Total revenue	<u>15,166,208</u>	<u>16,855,364</u>	<u>16,855,362</u>	<u>(2)</u>
Expenditures:				
Current:				
Instruction:				
Regular	7,802,863	7,995,891	8,072,637	(76,746)
Special.	1,850,912	1,896,700	1,715,076	181,624
Vocational.	110,966	113,711	142,108	(28,397)
Other	108,156	110,832	105,410	5,422
Support Services:				
Pupil.	837,590	858,310	950,718	(92,408)
Instructional staff	548,019	561,576	559,332	2,244
Board of education	32,580	33,386	31,231	2,155
Administration.	1,513,244	1,550,679	1,467,851	82,828
Fiscal	480,007	491,881	471,473	20,408
Business	26,641	27,300	26,961	339
Operations and maintenance.	1,588,185	1,627,474	1,661,241	(33,767)
Pupil transportation	826,330	846,772	887,262	(40,490)
Central.	9,759	10,000	12,072	(2,072)
Extracurricular activities.	389,233	398,862	411,164	(12,302)
Facilities acquisition and construction.			7,696	(7,696)
Total expenditures	<u>16,124,485</u>	<u>16,523,374</u>	<u>16,522,232</u>	<u>1,142</u>
Excess of revenues over				
(under) expenditures.	(958,277)	331,990	333,130	1,140
Other financing sources (uses):				
Refund of prior year expenditure	113	126	126	
Advances in.	150,283	167,021	167,021	
Advances (out)	(106,178)	(108,805)	(108,805)	
Sale of capital assets.	1,644	1,827	1,827	
Total other financing sources (uses)	<u>45,862</u>	<u>60,169</u>	<u>60,169</u>	
Net change in fund balance	(912,415)	392,159	393,299	1,140
Fund balance at beginning of year	127,529	127,529	127,529	
Prior year encumbrances appropriated	193,791	193,791	193,791	
Fund balance (deficit) at end of year.	<u>\$ (591,095)</u>	<u>\$ 713,479</u>	<u>\$ 714,619</u>	<u>\$ 1,140</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2006

	<u>Private-Purpose Trust</u>		<u>Agency</u>
	<u>Scholarship</u>		
Assets:			
Equity in pooled cash and cash equivalents	\$ 5,234	\$	88,752
Due from other Funds			114,731
			<hr/>
Total assets	<u>\$ 5,234</u>	\$	<u>203,483</u>
Liabilities:			
Accounts payable		\$	1,737
Claims payable			867
Intergovernmental payable			114,731
Due to students			86,148
			<hr/>
Total liabilities		\$	<u>203,483</u>
Net Assets:			
Held in trust for scholarships	<u>5,234</u>		
Total net assets	<u>\$ 5,234</u>		

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2006

	Private-Purpose Trust	
	<hr/>	
	Scholarship	
	<hr/>	
Additions:		
Interest	\$	207
	<hr/>	
Total additions.		207
	<hr/>	
Deductions:		
Scholarships awarded		200
	<hr/>	
Change in net assets		7
	<hr/>	
Net assets at beginning of year		5,227
	<hr/>	
Net assets at end of year.	\$	5,234
	<hr/>	
	<hr/>	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

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

The District currently operates one elementary school and one comprehensive high school. The District employs 94 non-certified and 156 certified (including administrative) full-time and part-time employees to provide services to approximately 2,415 students in grades K through 12 and various community groups, which ranks it 217th out of 615 public school districts in Ohio.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(Continued)

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

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

JOINTLY GOVERNED ORGANIZATIONS

Northern Ohio Educational Computer Association

The Northern Ohio Educational Computer Association (NOECA) is a jointly governed organization among forty-one school districts. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to the administrative and instructional functions among member districts. Each of the governments of these schools supports NOECA based upon a per pupil charge dependent upon the software package utilized. The NOECA assembly consists of a superintendent from each participating school district and a representative from the fiscal agent. NOECA is governed by a Board of Directors chosen from the general membership of the NOECA Assembly. The Board of Directors consists of a representative from the fiscal agent, the chairman of each of the operating committees, and two Assembly members from each county in which participating school districts are limited to its representation on the Board. The District paid \$64,266 to NOECA in fiscal year 2006 for services. Financial information can be obtained by contacting Betty Schwiefert, who serves as controller, at 2900 South Columbus Avenue, Sandusky, Ohio 44870.

Vanguard-Sentinel Career Centers

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(Continued)

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

Bay Area Council of Governments (BACG)

The BACG was established in 1986 to carry out a cooperative program for the purchase of natural gas among boards of education located in Erie, Huron, Ottawa, Sandusky, Seneca, and Wood Counties. The BACG is organized under Ohio laws as a regional council of governments pursuant to a written agreement entered into by its member boards of education. The BACG is governed by a Board of Directors. This Board is elected by an Assembly consisting of a representative from each participating school district. The District paid \$211,410 to BACG during fiscal year 2006 for gas usage and related fees. Financial information can be obtained from the Erie County Educational Service Center, who serves as fiscal agent, 2902 Columbus Avenue, Sandusky, Ohio 44870.

Northwest Ohio Educational Research Council, Inc.

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

RELATED ORGANIZATION

Clyde Public Library

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

PUBLIC ENTITY RISK POOL

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

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

The Executive Director of the OASBO, or his designee, serves as coordinator of the Plan. Each year, the participating school districts pay an enrollment fee to the Plan to cover the costs of administering the program. The District paid \$3,600 for fiscal year 2006 in order to participate in the Plan.

B. Fund Accounting

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(Continued)

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

GOVERNMENTAL FUNDS

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

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

PROPRIETARY FUNDS

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

FIDUCIARY FUNDS

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

C. Basis of Presentation and Measurement Focus

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(Continued)

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

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

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

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

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

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

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds also use the accrual basis of accounting. Differences in the accrual and modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(Continued)

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

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

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

Deferred Revenue - Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2006, but which were levied to finance fiscal year 2007 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

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

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

E. Budgets

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(Continued)

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

Estimated Resources:

By April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commissions' certificate of estimated resources, which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the final certificate issued during FY 2006. Prior to year end, the District requested and received an amended certificate of estimated resources that reflects actual revenue for the fiscal year.

Appropriations:

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

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

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

Lapsing of Appropriations:

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(Continued)

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

F. Cash and Investments

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

During fiscal year 2006, investments were limited to savings bonds, federal agency securities, and investments in the State Treasury Asset Reserve of Ohio (STAR Ohio). Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts such as nonnegotiable certificates of deposit are reported at cost.

The District has invested funds in STAR Ohio during fiscal 2006. 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, 2006.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. The Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2006 amounted to \$60,876, which includes \$33,594 assigned from other District funds.

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

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

G. Inventory

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(Continued)

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

H. Capital Assets

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

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

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

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

I. Interfund Balances

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

J. Compensated Absences

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(Continued)

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

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

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

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

On government-wide financial statements, issuance costs are defined and amortized over the term of the bonds using the straight line method, which approximates the effective interest method. Unamortized issuance costs are recorded as a separate line item on the Statement of Net Assets.

Bond premiums are deferred and accreted over the term of the bonds. Bond premiums are presented as an addition to the face amount of the bonds.

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

On the governmental fund financial statements, issuance costs and bond premiums are recognized in the current period. A reconciliation between the bonds face value and the amount reported on the statement of net assets is presented in Note 10 A.

L. Accrued Liabilities and Long-Term Obligations

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(Continued)

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

M. Fund Balance Reserves

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

N. Net Assets

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

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

O. Prepayments

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

P. Estimates

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

Q. Restricted Assets

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(Continued)

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

R. Interfund Activity

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

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

S. Nonpublic Schools

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

T. Other Local Revenue

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

U. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal 2006.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Changes in Accounting Principles

For fiscal year 2006, the District has implemented GASB Statement No. 42, "Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries", GASB Statement No. 46, "Net Assets Restricted by Enabling Legislation", and GASB Statement No. 47, "Accounting for Termination Benefits".

GASB Statement No. 42 amends GASB Statement No. 34 and establishes accounting and financial reporting standards for impairment of capital assets and accounting requirements for insurance recoveries.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(Continued)

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE (Continued)

GASB Statement No. 46 defines enabling legislation and specifies how net assets should be reported in the financial statements when there are changes in such legislation. The Statement also requires governments to disclose in the notes to the financial statements the amount of net assets restricted by enabling legislation.

GASB Statement No. 47 establishes accounting standards for termination benefits.

The implementation of GASB Statement No. 42, GASB Statement No. 46 and GASB Statement No. 47 did not have an effect on the fund balances/net assets of the District as previously reported at June 30, 2005.

B. Deficit Fund Balances

Fund balances at June 30, 2006, included the following individual fund deficits:

<u>Major Fund</u>	<u>Deficit</u>
General	\$ 239,612
 <u>Nonmajor Funds</u>	
Building	\$ 44,296
EMIS	\$ 37
Ohio Reads	\$ 16
Alternative Schools	\$ 16,760
Poverty Aid	\$ 133
Title VI-B	\$ 3,232
Improving Teacher Quality	\$ 1,046
Miscellaneous Federal Grants	\$ 3,728

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

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(Continued)

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

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

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

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

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

**CLYDE-GREEN SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(Continued)

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

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

A. Cash on Hand

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

B. Deposits with Financial Institutions

At June 30, 2006, the carrying amount of all District deposits was (\$189,823). A liability was not recorded for the negative carrying amount of deposits because there was no actual overdraft due to the "zero-balance" nature of the District's bank accounts. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2006, \$153,957 of the District's bank balance of \$380,107 was covered by the Federal Deposit Insurance Corporation, and \$226,150 was exposed to custodial credit risk as discussed below.

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

C. Investments

As of June 30, 2006, the District had the following investments and maturities:

<u>Investment type</u>	<u>Balance at Fair Value</u>	<u>Investment Maturities</u>	
		<u>6 months or less</u>	<u>7 to 12 months</u>
FHLB	\$ 491,720		\$ 491,720
STAR Ohio	1,418,106	\$ 1,418,106	
US Savings Bond	5,000	5,000	-
	<u>\$ 1,914,826</u>	<u>\$ 1,423,106</u>	<u>\$ 491,720</u>

The weighted average maturity of investments is .15 years.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(Continued)

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

Credit Risk: The District's investments were rated AAA and Aaa by Standard & Poor's and Moody's Investor Services, respectively. Standard & Poor's has assigned STAR Ohio an AAAm money market rating.

Custodial Credit Risk: For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the District will not be able to recover the value of its investment or collateral securities that are in the possession of an outside party.

Concentration of Credit Risk: The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2006:

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
FHLB	\$ 491,720	25.68%
STAR Ohio	1,418,106	74.06%
U.S. Savings Bond	<u>5,000</u>	<u>0.26%</u>
	<u>\$ 1,914,826</u>	<u>100.00%</u>

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

The following is a reconciliation of cash and investments as reported in the footnote above to cash and investments as reported on the statement of net assets as of June 30, 2006:

<u>Cash and Investments per footnote</u>	
Carrying amount of deposits	\$ (189,823)
Investments	1,914,826
Cash on hand	<u>102</u>
Total	<u>\$ 1,725,105</u>
 <u>Cash and investments per Statement of Net Assets</u>	
Governmental activities	\$ 1,631,119
Private-purpose trust fund	5,234
Agency funds	<u>88,752</u>
Total	<u>\$ 1,725,105</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(Continued)

NOTE 5 - INTERFUND TRANSACTIONS

Interfund loans receivable/payable consisted of the following at June 30, 2006, as reported on the fund statement:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor governmental funds	\$ 108,805

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

NOTE 6 - PROPERTY TAXES

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

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the District. Real property tax revenue received in calendar 2006 represents collections of calendar year 2005 taxes. Real property taxes received in calendar year 2006 were levied after April 1, 2005, on the assessed value listed as of January 1, 2005, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2006 represents collections of calendar year 2005 taxes. Public utility real and tangible personal property taxes received in calendar year 2006 became a lien December 31, 2004, were levied after April 1, 2005 and are collected in 2006 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenue received during calendar 2006 (other than public utility property) represents the collection of 2006 taxes. Tangible personal property taxes received in calendar year 2006 were levied after April 1, 2005, on the value as of December 31, 2004. Tangible personal property is currently assessed at twenty-five percent of true value for capital assets and twenty-four percent of true value for inventory. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the District prior to June 30.

**CLYDE-GREEN SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
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NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(Continued)

NOTE 6 - PROPERTY TAXES - (Continued)

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business and railroad property will be eliminated by calendar year 2009, and the tax on telephone and telecommunications property will be eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces the revenue lost by the District due to the phasing out of the tax. In calendar years 2006-2010, the District will be fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out.

The District receives property taxes from Sandusky and Seneca Counties. The County Auditors periodically advance to the District their portion of the taxes collected. Second-half real property tax payments collected by the County Auditors by June 30, 2006, are available to finance fiscal year 2006 operations. The amount available as an advance at June 30, 2006 was \$725,779 in the general fund, \$42,440 in the Bond Retirement debt service fund, and \$22,185 in the Permanent Improvement capital projects fund. The amount available as an advance at June 30, 2005 was \$958,619 in the general fund, \$71,296 in the Bond Retirement debt service fund, and \$38,700 in the Permanent Improvement capital projects fund. The amount available to be advanced can vary depending upon when tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2006 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

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

The assessed values upon which the fiscal year 2006 taxes were collected are:

	2005 Second Half Collections		2006 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/Residential and Other Real Estate	\$ 171,872,960	80.10	\$ 178,211,980	84.56
Public Utility Personal	6,970,980	3.24	6,660,660	3.16
Tangible Personal Property	<u>35,732,069</u>	<u>16.66</u>	<u>25,889,267</u>	<u>12.28</u>
Total	<u>\$ 214,576,009</u>	<u>100.00</u>	<u>\$ 210,761,907</u>	<u>100.00</u>

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

Operations	\$ 44.40	\$ 49.55
Permanent improvements	1.50	1.50
Debt service	2.15	2.00

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(Continued)

NOTE 7 - RECEIVABLES

Receivables at June 30, 2006, consisted of taxes, accounts (billings for user charged services and student fees), accrued interest, and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of state programs and the current year guarantee of federal funds. A summary of the principal items of receivables reported on the statement of net assets follows:

Governmental Activities	
Taxes	\$ 8,163,240
Accounts	3,076
Accrued interest	5,469
Intergovernmental	<u>102,187</u>
Total	<u>\$ 8,273,972</u>

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

NOTE 8 - CAPITALIZED LEASES - LESSEE DISCLOSURE

During fiscal year 2006, the District entered into a capitalized lease agreement for the acquisition of copier equipment.

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

Capital assets acquired by lease have been capitalized in the statement of net assets in the amount of \$299,921 which is equal to the present value of the future minimum lease payments as of the date of inception. A corresponding liability was recorded in the statement of net assets. Accumulated depreciation as of June 30, 2006, was \$29,992, leaving a current book value of \$269,929. Principal and interest payments in the 2006 fiscal year totaled \$54,119 and \$13,809, respectively. These amounts are reflected as debt service expenditures in the general fund.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(Continued)

NOTE 8 - CAPITALIZED LEASES - LESSEE DISCLOSURE (Continued)

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2007	\$ 67,928
2008	67,928
2009	67,928
2010	<u>67,928</u>
Total	271,712
Less: amount representing interest	<u>(25,910)</u>
Present value	<u>\$ 245,802</u>

NOTE 9 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2006, was as follows:

	<u>Balance 06/30/05</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 06/30/06</u>
Governmental Activities				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 423,960	\$ -	\$ -	\$ 423,960
Total capital assets, not being depreciated	<u>423,960</u>	<u>-</u>	<u>-</u>	<u>423,960</u>
<i>Capital assets, being depreciated:</i>				
Improvements other than buildings	1,113,180			1,113,180
Buildings and improvements	24,244,124	216,583		24,460,707
Furniture and equipment	1,716,576	396,346	(3,230)	2,109,692
Vehicles	<u>1,120,405</u>	<u>12,071</u>	<u>(33,500)</u>	<u>1,098,976</u>
Total capital assets, being depreciated	<u>28,194,285</u>	<u>625,000</u>	<u>(36,730)</u>	<u>28,782,555</u>
<i>Less: accumulated depreciation</i>				
Improvements other than buildings	(429,463)	(50,536)		(479,999)
Buildings and improvements	(14,526,243)	(350,611)		(14,876,854)
Furniture and equipment	(916,580)	(104,960)	1,992	(1,019,548)
Vehicles	<u>(950,099)</u>	<u>(45,477)</u>	<u>33,500</u>	<u>(962,076)</u>
Total accumulated depreciation	<u>(16,822,385)</u>	<u>(551,584)</u>	<u>35,492</u>	<u>(17,338,477)</u>
Governmental activities capital assets, net	<u>\$ 11,795,860</u>	<u>\$ 73,416</u>	<u>\$ (1,238)</u>	<u>\$ 11,868,038</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(Continued)

NOTE 9 - CAPITAL ASSETS

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 48,333
Special	2,585
<u>Support Services:</u>	
Pupil	293
Instructional staff	1,240
Administration	1,548
Fiscal	896
Operations and maintenance	29,146
Pupil transportation	49,406
Central	5,032
Extracurricular activities	58,645
Facilities acquisition and construction	338,186
Food service operations	<u>16,274</u>
Total depreciation expense	<u>\$ 551,584</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(Continued)

NOTE 10 - LONG-TERM OBLIGATIONS

- A. During the fiscal year 2006, the following changes occurred in governmental activities long-term obligations:

	Balance at <u>06/30/05</u>	Increases	Decreases	Balance at <u>06/30/06</u>	Amounts Due in <u>One Year</u>
Governmental Activities:					
<u>General Obligation Bonds:</u>					
Current interest					
school improvement bonds, series 1995	\$ 100,000		\$ (100,000)		
Current interest					
refunding bonds, series 2004	4,600,000		(135,000)	\$ 4,465,000	\$ 255,000
Capital appreciation					
refunding bonds, series 2004	230,397			230,397	
Capital appreciation					
refunding bonds, accreted interest	<u>63,076</u>	<u>\$ 42,504</u>	<u>-</u>	<u>105,580</u>	<u>-</u>
Total general obligation bonds	<u>4,993,473</u>	<u>42,504</u>	<u>(235,000)</u>	<u>4,800,977</u>	<u>255,000</u>
<u>Other Long-Term Obligations:</u>					
Capital lease obligation	-	299,921	(54,119)	245,802	56,931
Compensated absences	<u>1,913,712</u>	<u>183,357</u>	<u>(160,026)</u>	<u>1,937,043</u>	<u>162,865</u>
Total other long-term obligations	<u>1,913,712</u>	<u>483,278</u>	<u>(214,145)</u>	<u>2,182,845</u>	<u>219,796</u>
Total governmental activities	<u>\$ 6,907,185</u>	<u>\$ 525,782</u>	<u>\$ (449,145)</u>	6,983,822	<u>\$ 474,796</u>
Add: Unamortized premium on bonds				425,110	
Less: Unamortized deferred amount on refunding				<u>(255,075)</u>	
Total long-term obligations				<u>\$ 7,153,857</u>	

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(Continued)

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

The refunding issue is comprised of both current interest bonds, par value \$4,790,000, and capital appreciation bonds, par value \$230,397. The interest rates on the current interest bonds range from 2.00% to 4.40%. The capital appreciation bonds mature on December 1, of 2014, 2015, 2016, and 2017 (stated interest rate of 14.00%) at a redemption price equal to 100% of the principal plus accreted interest to the redemption date. The present value of the capital appreciation bonds (as of the issue date) reported on the statement of net assets at June 30, 2006 is \$230,397. A total of \$105,580 in interest has been accreted on the capital appreciation bonds as of June 30, 2006.

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

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

- B.** Principal and interest requirements to retire the long-term obligations outstanding at June 30, 2006, are as follows:

Year Ended	Current Interest Bonds, Series 2004			Capital Appreciation Bonds, Series 2004		
	Principal	Interest	Total	Principal	Interest	Total
2007	\$ 255,000	\$ 177,563	\$ 432,563			
2008	255,000	171,570	426,570			
2009	265,000	164,346	429,346			
2010	275,000	156,038	431,038			
2011	280,000	146,668	426,668			
2012 - 2016	900,000	590,338	1,490,338	\$ 130,224	\$ 509,776	\$ 640,000
2017 - 2021	735,000	480,222	1,215,222	100,173	544,827	645,000
2022 - 2026	525,000	316,728	841,728			
2027 - 2031	660,000	168,613	828,613			
2032 - 2033	315,000	16,272	331,272	-	-	-
Total	<u>\$ 4,465,000</u>	<u>\$ 2,388,358</u>	<u>\$ 6,853,358</u>	<u>\$ 230,397</u>	<u>\$ 1,054,603</u>	<u>\$ 1,285,000</u>

C. Legal Debt Margin

The Ohio Revised Code provides that the total net indebtedness of a school district shall never exceed 9% of the total assessed valuation of the district. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the district. The effects of these debt limitations for the District at June 30, 2006, are a voted debt margin of \$12,063,064 (including available funds of \$360,419), and an unvoted debt margin of \$182,200.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(Continued)

NOTE 11 - COMPENSATED ABSENCES

A. Sick Leave

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

B. Severance Pay

All employees serving in a regular assignment under contract with the Clyde-Green Springs Board of Education may elect to receive a cash payment at retirement for accrued but unused sick leave. To be eligible, employees must be qualified for retirement benefits under one or more of the STRS, SERS or PERS retirement systems and have performed a minimum of ten (10) years service in one or more Ohio political subdivisions. Payment is to be based on employee's per diem pay rate at the time of retirement. Payment for employees under the Education Association contract with ten (10) or more years of service will be paid based on twenty-six percent (26%) of the accrued but unused days of sick leave. Employees under the Ohio Association of public School Employees contract with ten (10) or more years of service will be paid based on twenty-six percent (26%) of the accrued but unused days of sick leave up to two hundred fifty (250) days up to a maximum of sixty-five (65) days. Employees under the Ohio Association of public School Employees contract with less than ten (10) years service with the District will be paid based on twenty-six percent (26%) of the accrued but unused days of sick leave up to one hundred forty (150) days up to a maximum of thirty-six and four tenths (39) days.

NOTE 12 - RISK MANAGEMENT

A. Comprehensive

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

B. Health Insurance

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(Continued)

NOTE 12 - RISK MANAGEMENT - (Continued)

C. Workers' Compensation

For fiscal year 2006, the District participated in the Ohio Association of School Business Officials (OASBO) Workers' Compensation Group Rating Plan (the "Plan"), an insurance purchasing pool. The intent of the Plan is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the Plan. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the Plan. Each participant pays its workers' compensation premium to the state based on the rate for the Plan rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings of the Plan. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the Plan. Participation in the Plan is limited to school districts that can meet the Plan's selection criteria.

NOTE 13 - PENSION PLANS

A. School Employees Retirement System

The District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling (800) 878-5853. It is also posted on SERS' website, www.ohsers.org, under Forms and Publications.

Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2006, 10.58 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2006, 2005, and 2004, were \$246,673, \$256,954 and \$215,629, respectively; 45.28% has been contributed for fiscal year 2006 and 100% for the fiscal years 2005 and 2004. \$134,986 represents the unpaid contribution for fiscal year 2006 and is recorded as a liability within the respective funds.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(Continued)

NOTE 13 - PENSION PLANS - (Continued)

B. State Teachers Retirement System

The District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3371 or by calling (614) 227-4090 or by visiting the STRS Ohio web site at www.strsoh.org.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

For the fiscal year ended June 30, 2006, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2005, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member The District's required contributions for pension obligations to the DB plan for the fiscal years ended June 30, 2006, 2005, and 2004, were \$1,127,896, \$1,156,803, and \$1,076,700, respectively; 83.28% has been contributed for fiscal year 2006 and 100% for the fiscal years 2005 and 2004. \$188,585 represents the unpaid contribution for fiscal year 2006 and is recorded as a liability within the respective funds. Contributions to the DC and Combined Plans for fiscal year 2006 were \$3,097 made by the District and \$3,277 made by the plan members.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(Continued)

NOTE 13 - PENSION PLANS - (Continued)

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement Systems/State Teachers Retirement System. As of June 30, 2006, certain members of the Board of Education have elected Social Security. The District's liability is 6.2% of wages paid.

NOTE 14 - POSTEMPLOYMENT BENEFITS

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

STRS retirees who participated in the DB or combined plans and their dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. All benefit recipients pay a portion of health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2006, the STRS Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. For the District, this amount equaled \$86,761 for fiscal year 2006.

STRS pays health care benefits from the Health Care Stabilization Fund. At June 30, 2005 (the latest information available), the balance in the Health Care Stabilization Fund was \$3.3 billion. For the fiscal year ended June 30, 2005 (the latest information available), net health care costs paid by STRS were \$254.780 million and STRS had 115,395 eligible benefit recipients.

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

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2006, employer contributions to fund health care benefits were 3.42 percent of covered payroll, compared to 3.43 percent of covered payroll for fiscal year 2005. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2006, the minimum pay was established at \$35,800. However, the surcharge is capped at 2 percent of each employer's SERS salaries. For the 2006 fiscal year, District paid \$144,989 to fund health care benefits, including the surcharge.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(Continued)

NOTE 14 - POSTEMPLOYMENT BENEFITS - (Continued)

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of projected claims less premium contributions for the next fiscal year. Expenses for health care for the fiscal year ended June 30, 2005 (the latest information available) were \$178.221 million. At June 30, 2005 (the latest information available), SERS had net assets available for payment of health care benefits of \$267.5 million, which is about 168 percent of next years projected net health care costs of \$158.776 million. SERS had 58,123 participants eligible to receive health care benefits.

NOTE 15 - BUDGETARY BASIS OF ACCOUNTING

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

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

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

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

Net Change in Fund Balance	<u>General Fund</u>
Budget basis	\$ 393,299
Net adjustment for revenue accruals	161,492
Net adjustment for expenditure accruals	(571,628)
Net adjustment for other sources/uses	241,579
Adjustment for encumbrances	<u>99,791</u>
GAAP basis	<u>\$ 324,533</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(Continued)

NOTE 16 - CONTINGENCIES

A. Grants

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

B. Litigation

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

NOTE 17 - STATUTORY RESERVES

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

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

	Textbooks/ Instructional Materials	Capital Acquisition
Set-aside cash balance as of June 30, 2005	\$ (960,322)	
Current year set-aside requirement	312,278	\$ 312,278
Qualifying disbursements	(256,544)	(559,580)
Total	\$ (904,588)	\$ (247,302)
Balance carried forward to FY 2007	\$ (904,588)	\$ -

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

In addition to the above statutory reserves, the District has a balance of \$11,041 in funding from the State of Ohio that is restricted for school bus purchases.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2006
(Continued)

NOTE 17 - STATUTORY RESERVES (Continued)

A schedule of the governmental fund restricted assets at June 30, 2006 follows:

Amount restricted for school bus purchases	<u>\$ 11,041</u>
Total restricted assets	<u>\$ 11,041</u>

NOTE 18 - CONTEGENCY

A lawsuit has been filed by the Columbia Gas Transmission Corporation arguing that the Corporation's public utility property tax assessment rate should be 25% of true value rather than the 88% used by the Tax Commissioner. The Board of Tax Appeals has agreed with the Corporation and the case has been appealed by the Tax Commissioner to the Ohio Supreme Court. The District receives a significant amount of property tax from the Corporation. Should the Corporation prevail in the Supreme Court, it may be entitled to a refund from the District based on the lower assessment rate beginning from tax year 2001. The amount of the refund is estimated to be approximately \$24,363 per year. A portion of the refund may be recovered from additional State entitlement payments.

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

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2006**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
UNITED STATES DEPARTMENT OF AGRICULTURE <i>Passed Through Ohio Department of Education</i>						
Food Donation <i>Nutrition Cluster:</i>		10.550		\$ 91,471		\$ 91,471
National School Breakfast Program	45302-05PU-05	10.553	\$ 7,445		\$ 7,445	
	45302-05PU-06	10.553	14,995		14,995	
Total National School Breakfast Program			22,440		22,440	
National School Lunch Program	45302-LLP1-05	10.555	404		404	
	45302-LLP1-06	10.555	2,072		2,072	
	45302-LLP4-05	10.555	64,715		64,715	
	45302-LLP4-06	10.555	172,369		172,369	
Total National School Lunch Program			239,560		239,560	
Total Nutrition Cluster			262,000		262,000	
Total US Department of Agriculture			262,000	91,471	262,000	91,471
UNITED STATES DEPARTMENT OF EDUCATION <i>Passed Through Ohio Department of Education</i>						
Special Education Grants to States	45302-6BSD-06	84.027	45,930		45,350	
	45302-6BSF-06	84.027	537,878		537,878	
Total Special Education Grants to States			583,808		583,228	
Title 1 Grants to Local Educational Agencies	45302-C1S1-05	84.010	5,305		27,919	
	45302-C1S1-06	84.010	215,287		217,702	
Total Title 1 Grants to Local Educational Agencies			220,592		245,621	
Twenty-First Century Community Learning Centers	45302-T1S1-05	84.287			12,090	
	45302-T1S1-06	84.287	108,143		108,143	
Total Twenty-First Century Community Learning Centers			108,143		120,233	
Safe and Drug Free-Schools and Communities State Grants	45302-DRS1-05	84.186	2,013		2,476	
	45302-DRS1-06	84.186	9,676		9,547	
Total Safe and Drug Free-Schools and Communities State Grants			11,689		12,023	
Safe and Drug Free Schools and Communities National Program	45302-T4S1-04	84.184C	1,817		1,817	
State Grants for Innovative Programs	45302-C2S1-05	84.298			251	
	45302-C2S1-06	84.298	6,497		6,282	
Total State Grants for Innovative Programs			6,497		6,533	
Education Technology State Grants	45302-TJS1-06	84.318	4,597		4,597	
Improving Teacher Quality State Grants	45302-TRS1-05	84.367	3,119		9,939	
	45302-TRS1-06	84.367	83,174		78,078	
Total Improving Teacher Quality State Grants			86,293		88,017	
Total US Department of Education			1,023,436		1,062,069	
Total Federal Assistance			\$ 1,285,436	\$ 91,471	\$ 1,324,069	\$ 91,471

The accompanying notes are an integral part of this schedule.

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

**NOTES TO SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2006**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - CHILD NUTRITION CLUSTER

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

NOTE C – MATCHING REQUIREMENTS

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

NOTE D – FOOD DONATION PROGRAM

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



Mary Taylor, CPA

Auditor of State

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

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

To the Board of Education:

We have audited the financial statements of the governmental activities, the major fund and the aggregate remaining fund information of the Clyde-Green Springs Exempted Village School District, Sandusky County (the District) as of and for the year ended June 30, 2006, which collectively comprise the District's basic financial statements and have issued our report thereon dated February 8, 2007. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting to determine our auditing procedures to express our opinion on the financial statements and not to opine on the internal control over financial reporting. Our consideration of the internal control would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts material to the financial statements we audited may occur and not be timely detected by employees when performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider material weaknesses. In a separate letter to the District's management dated February 8, 2007, we reported other matters involving internal control over financial reporting we did not deem reportable conditions.

One Government Center / Suite 1420 / Toledo, OH 43604-2246
Telephone: (419) 245-2811 (800) 443-9276 Fax: (419) 245-2484
www.auditor.state.oh.us

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*. In a separate letter to the District's management dated February 8, 2007, we reported other matters related to noncompliance we deemed immaterial.

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

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

Mary Taylor, CPA
Auditor of State

February 8, 2007



Mary Taylor, CPA

Auditor of State

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

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

To the Board of Education:

Compliance

We have audited the compliance of Clyde-Green Springs Exempted Village School District, Sandusky County (the District) with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement that apply to its major federal program for the year ended February 8, 2007. The summary of auditor's results section of the accompanying schedule of findings identifies the District's major federal program. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the Clyde-Green Springs Exempted Village School District complied, in all material respects, with the requirements referred to above that apply to its major federal program for the year ended June 30, 2006.

Internal Control Over Compliance

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

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

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



Mary Taylor, CPA
Auditor of State

February 8, 2007

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

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2006**

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None



Mary Taylor, CPA
Auditor of State

CLYDE-GREEN SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT

SANDUSKY COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 13, 2007**