

Dave Yost • Auditor of State

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

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Education:

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Clyde-Green Springs Exempted Village School District, Sandusky County, Ohio, as of June 30, 2010, 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 January 31, 2011, 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.

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

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



Dave Yost
Auditor of State

January 31, 2011

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
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, 2010. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and the notes to the basic financial statements to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2010 are as follows:

- In total, net assets of governmental activities decreased \$179,462, which represents a 0.40% decrease from 2009.
- General revenues accounted for \$19,908,394 in revenue or 82.35% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$4,267,617 or 17.65% of total revenues of \$24,176,011.
- The District had \$24,355,473 in expenses related to governmental activities; only \$4,267,617 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 \$19,908,394 were not adequate to provide for these programs.
- The District's major governmental funds are the general fund and the classroom facilities fund. The general fund had \$19,641,907 in revenues and other financing sources and \$19,497,632 in expenditures and other financing uses. During fiscal year 2010, the general fund's fund balance increased \$135,074 from \$2,048,879 to \$2,183,953.
- The classroom facilities fund had \$18,306,405 in revenues and \$33,170,059 in expenditures. During fiscal year 2010, the classroom facilities fund's fund balance decreased \$14,863,654 from \$30,064,963 to \$15,201,309. The decreased was due to the main portion of the construction and remodeling projects for several school buildings contracts were paid during this fiscal year.

Using these Basic Financial Statements

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

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

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
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(Continued)

Reporting the District as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2010?" 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, interest and fiscal charges and food service operations.

Reporting the District's Most Significant Funds

Fund Financial Statements

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

Governmental Funds

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

Reporting the District's Fiduciary Responsibilities

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

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

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

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 2010 and 2009.

	Net Assets	
	Governmental Activities 2010	Governmental Activities 2009
<u>Assets</u>		
Current and other assets	\$ 34,573,553	\$ 66,909,914
Capital assets, net	<u>51,741,756</u>	<u>19,238,103</u>
Total assets	<u>86,315,309</u>	<u>86,148,017</u>
<u>Liabilities</u>		
Current liabilities	11,680,659	10,695,795
Long-term liabilities	<u>30,440,866</u>	<u>31,078,976</u>
Total liabilities	<u>42,121,525</u>	<u>41,774,771</u>
<u>Net assets</u>		
Invested in capital assets, net of related debt	40,170,366	13,485,999
Restricted	3,375,430	32,141,896
Unrestricted (deficit)	<u>647,988</u>	<u>(1,254,649)</u>
Total net assets	<u>\$ 44,193,784</u>	<u>\$ 44,373,246</u>

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2010, the District's assets exceeded liabilities by \$44,193,784.

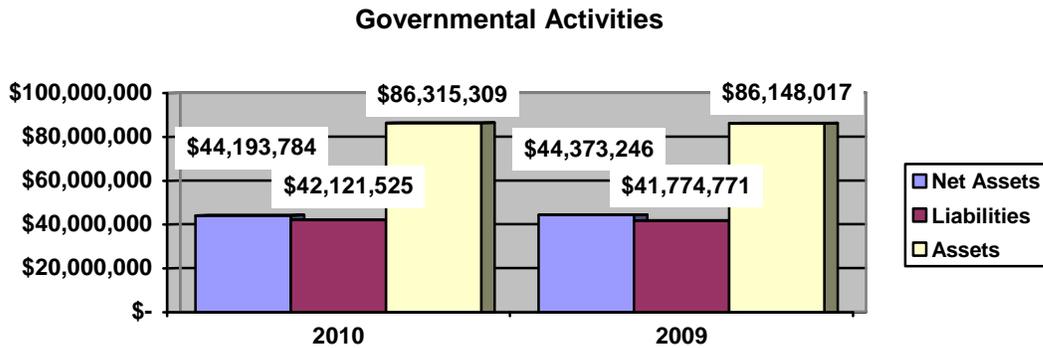
At year-end, capital assets represented 59.95% of total assets. Capital assets include land, construction in progress, improvements other than buildings, buildings and improvements, furniture and equipment and vehicles. Capital assets, net of related debt to acquire the assets at June 30, 2010, were \$40,170,366. 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.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
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(Continued)

A portion of the District's net assets, \$3,375,430, represents resources that are subject to external restriction on how they may be used. The remaining balance of net assets is an unrestricted balance of \$647,988.

The graph below shows the District's assets, liabilities and net assets as of June 30, 2010 and 2009.



The table below shows the change in net assets for fiscal years 2010 and 2009.

Change in Net Assets

	Governmental Activities 2010	Governmental Activities 2009
Revenues		
Program revenues:		
Charges for services and sales	\$ 1,675,946	\$ 1,505,541
Operating grants and contributions	2,591,671	2,458,412
Capital grants and contributions		27,173
General revenues:		
Property taxes	6,073,082	6,546,233
Income taxes	1,819,106	485,116
Payments in-lieu of taxes	203,391	215,904
Grants and entitlements	11,081,171	48,427,592
Investment earnings	130,903	131,945
Other	600,741	194,182
Total revenues	\$24,176,011	\$59,992,098

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

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

Change in Net Assets - (Continued)

	Governmental Activities <u>2010</u>	Governmental Activities <u>2009</u>
<u>Expenses</u>		
Program expenses:		
Instruction:		
Regular	\$ 10,420,937	\$ 10,320,982
Special	2,553,088	2,677,138
Vocational	89,710	1,377
Other	719,967	587,932
Support services:		
Pupil	1,220,108	1,156,702
Instructional staff	626,662	529,119
Board of education	29,432	28,055
Administration	1,840,391	1,721,528
Fiscal	523,270	597,430
Business	8,945	8,807
Operations and maintenance	1,925,794	1,941,304
Pupil transportation	998,401	1,016,959
Central	107,143	100,240
Operation of non-instructional services:		
Other non-instructional services	53,424	30,445
Food service operations	1,020,020	936,092
Extracurricular activities	848,657	273,183
Interest and fiscal charges	<u>1,369,524</u>	<u>1,347,929</u>
Total expenses	<u>24,355,473</u>	<u>23,275,222</u>
Change in net assets	(179,462)	36,716,876
Net assets at beginning of year	<u>44,373,246</u>	<u>7,656,370</u>
Net assets at end of year	<u>\$ 44,193,784</u>	<u>\$ 44,373,246</u>

Governmental Activities

Net assets of the District's governmental activities decreased \$179,462. Total governmental expenses of \$24,355,473 were offset by program revenues of \$4,267,617 and general revenues of \$19,908,394. Program revenues supported 17.52% of the total governmental expenses.

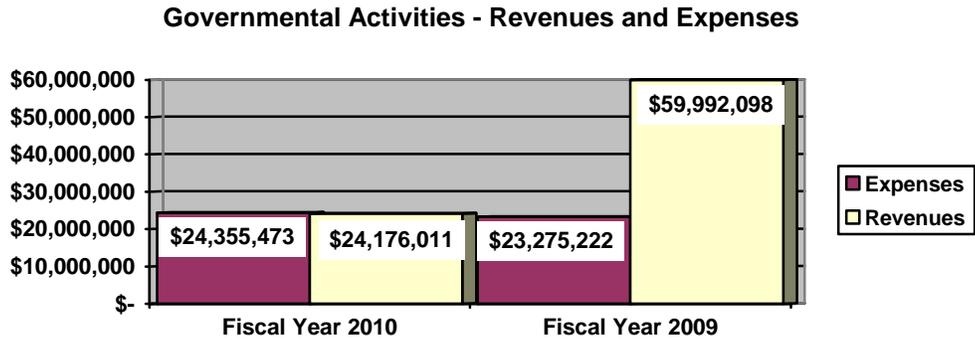
The primary sources of revenue for governmental activities are derived from property taxes, income taxes and grants and entitlements. These revenue sources represent 78.48% of total governmental revenue. The large decrease in general revenues grants and entitlements is due to a State grant received in fiscal year 2009 for the construction project. In addition, other revenues for fiscal year 2010 consist of \$148,873 in judgments receivable, which is restitution payments due to the District.

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

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

The largest expense of the District is for instructional programs. Instruction expenses totaled \$13,783,702 or 56.59% of total governmental expenses for fiscal year 2010.

The graph below presents the District's governmental activities revenue and expenses for fiscal year 2010 and 2009.



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.

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SANDUSKY COUNTY, OHIO**

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

	Governmental Activities			
	Total Cost of Services <u>2010</u>	Net Cost of Services <u>2010</u>	Total Cost of Services <u>2009</u>	Net Cost of Services <u>2009</u>
Program expenses				
Instruction:				
Regular	\$ 10,420,937	\$ 8,742,948	\$ 10,320,982	\$ 9,527,461
Special	2,553,088	1,785,226	2,677,138	1,217,552
Vocational	89,710	86,503	1,377	(1,806)
Other	719,967	691,526	587,932	587,932
Support services:				
Pupil	1,220,108	1,042,337	1,156,702	1,107,646
Instructional staff	626,662	620,102	529,119	514,675
Board of education	29,432	29,432	28,055	28,055
Administration	1,840,391	1,745,656	1,721,528	1,617,680
Fiscal	523,270	520,810	597,430	593,834
Business	8,945	8,945	8,807	8,807
Operations and maintenance	1,925,794	1,909,324	1,941,304	1,919,413
Pupil transportation	998,401	962,322	1,016,959	951,451
Central	107,143	20,201	100,240	43,121
Operation of non-instructional services:				
Other non-instructional services	53,424	22,167	30,445	46
Food service operations	1,020,020	35,710	936,092	(137,137)
Extracurricular activities	848,657	495,123	273,183	(42,563)
Interest and fiscal charges	<u>1,369,524</u>	<u>1,369,524</u>	<u>1,347,929</u>	<u>1,347,929</u>
Total expenses	<u>\$ 24,355,473</u>	<u>\$20,087,856</u>	<u>\$23,275,222</u>	<u>\$19,284,096</u>

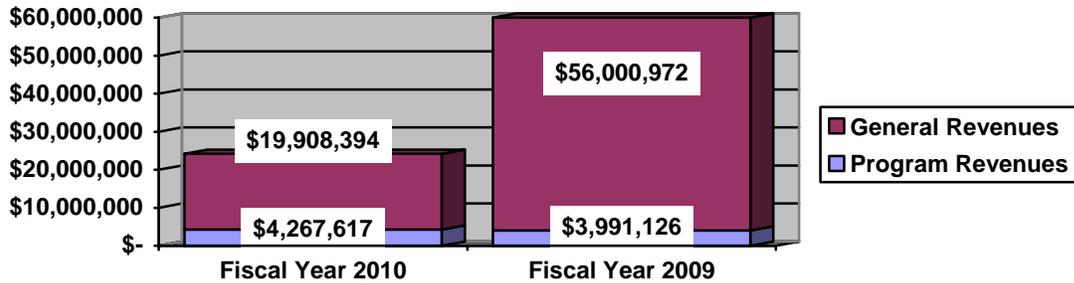
The dependence upon tax and other general revenues for governmental activities is apparent, 82.03% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 82.48%. The District's taxpayers and unrestricted grants and entitlements from the State of Ohio are the primary support for District's students.

The graph below presents the District's governmental activities revenue for fiscal year 2010 and 2009.

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

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

Governmental Activities - General and Program Revenues



The District's Funds

The District's governmental funds reported a combined fund balance of \$20,734,740, which is less than last year's total of \$35,926,067. The large decrease is due to expenditures for the District's construction project. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2010 and 2009.

	<u>Fund Balance</u> <u>June 30, 2010</u>	<u>Fund Balance</u> <u>June 30, 2009</u>	<u>Increase</u> <u>(Decrease)</u>
General	\$ 2,183,953	\$ 2,048,879	\$ 135,074
Classroom facilities	15,201,309	30,064,963	(14,863,654)
Other governmental	<u>3,349,478</u>	<u>3,812,225</u>	<u>(462,747)</u>
Total	<u>\$ 20,734,740</u>	<u>\$ 35,926,067</u>	<u>\$(15,191,327)</u>

General Fund

The District's general fund balance increased \$135,074. The increase in fund balance can be attributed to several items related to increased revenues and decreased expenditures. Tax revenue increased 15.88% which is primarily due to the District receiving a full year of income tax revenues, compared to half a year in 2009. The increase in tuition revenue is due to open enrollment revenue. Earnings on investment decreased due to lower interest rates during fiscal year 2010. Other revenues increased due primarily to the District receiving a settlement for their cash balance held at the Sandusky County ESC. A slight reduction in the District's certificated staff contributed to the decreased general fund expenditures. Additionally, the cost of maintaining the District's facilities decreased slightly from the prior year. The general fund's debt service expenditures relate to payments made on the District's capital leases.

**CLYDE-GREEN SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
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MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
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	<u>2010</u> <u>Amount</u>	<u>2009</u> <u>Amount</u>	<u>Increase</u> <u>(Decrease)</u>	<u>Percentage</u> <u>Change</u>
<u>Revenues</u>				
Taxes	\$ 7,414,832	\$ 6,398,681	\$ 1,016,151	15.88 %
Tuition	724,027	530,654	193,373	36.44 %
Earnings on investments	38,077	93,121	(55,044)	(59.11) %
Intergovernmental	10,912,290	11,338,835	(426,545)	(3.76) %
Other revenues	<u>545,147</u>	<u>386,166</u>	<u>158,981</u>	41.17 %
 Total	 <u>\$ 19,634,373</u>	 <u>\$ 18,747,457</u>	 <u>\$ 886,916</u>	 4.73 %
<u>Expenditures</u>				
Instruction	\$ 11,691,621	\$ 12,126,778	(435,157)	(3.59) %
Support services	6,295,414	6,641,894	(346,480)	(5.22) %
Extracurricular activities	428,169	454,500	(26,331)	(5.79) %
Facilities acquisition and construction		2,341	(2,341)	(100.00) %
Debt service	<u>59,865</u>	<u>85,426</u>	<u>(25,561)</u>	(29.92) %
 Total	 <u>\$ 18,475,069</u>	 <u>\$ 19,310,939</u>	 <u>\$ (835,870)</u>	 (4.33) %

Classroom Facilities Fund

The classroom facilities fund had \$18,306,405 in revenues and \$33,170,059 in expenditures. During fiscal year 2010, the classroom facilities fund's fund balance decreased \$14,863,654 from \$30,064,963 to \$15,201,309.

General Fund Budgeting Highlights

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

During the course of fiscal year 2010, the District amended its general fund budget numerous times. For the general fund, final budgeted revenues and other financing sources were \$19,160,310, which was lower than the original budgeted revenues and other financing sources estimate of \$19,651,532. Actual revenues and other financing sources for fiscal year 2010 was \$19,160,310.

General fund original appropriations (appropriated expenditures including other financing uses) of \$19,902,362 were decreased to \$19,860,362 in the final budget. The actual budget basis expenditures and other financing uses for fiscal year 2010 totaled \$19,740,400, which was \$119,962 less than the final budget appropriations.

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
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Capital Assets and Debt Administration

Capital Assets

At the end of fiscal 2010, the District had \$51,741,756 invested in land, construction in progress, improvements other than buildings, buildings and improvements, furniture and equipment and vehicles. This entire amount is reported in governmental activities. The following table shows fiscal 2010 balances compared to 2009:

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

	Governmental Activities	
	2010	2009
Land	\$ 876,301	\$ 876,301
Improvements other than buildings	457,371	508,521
Building and improvements	8,003,251	8,383,908
Furniture and equipment	1,110,893	1,350,738
Vehicles	407,638	495,091
Construction in progress	40,886,302	7,623,544
Total	\$ 51,741,756	\$ 19,238,103

The overall increase in capital assets of \$32,503,653 is due to capital outlays of \$33,329,573 exceeding depreciation expense of \$693,719 and capital asset disposals, net of accumulated depreciation, of \$132,201 in the fiscal year.

Debt Administration

At June 30, 2010, the District had \$27,605,952 in general obligation bonds and lease purchase obligations outstanding. Of this total, \$997,340 is due within one year and \$26,608,612 is due in greater than one year. The following table summarizes the debt outstanding.

Outstanding Debt, at Year End

	Governmental	Governmental
	Activities	Activities
	2010	2009
General obligation bonds	\$ 25,391,689	\$ 25,550,487
Capital lease obligation		66,123
Lease purchase obligations	2,214,263	2,707,199
Total	\$ 27,605,952	\$ 28,323,809

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

MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010
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Current Financial Related Activities

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

Whirlpool Corporation is the largest employer in the area and maintains a stable workforce of approximately 3,045 employees with an additional 900 temporary employees. Revere Plastics, a major Whirlpool supplier, also located in Clyde, has completed a recent expansion project and now employs approximately 460 in the city.

Declining enrollments, although only minor at this time, continue to be a concern for the District and are monitored closely. Additional housing opportunities in the District should help to offset some of this decline. A major school facilities building program may also have a positive impact on enrollment.

The District closely monitors its revenues and expenditures in accordance with its financial forecast. Recent reductions in state funding as well as the loss of tax revenue from business inventories and personal property tax reimbursements from the State have played a part in the deficit spending the District has experienced. The District has passed several recent renewal levies, the most recent in 2009. The District is addressing its deficit spending by making a number of significant reductions in expenditures and plans to request additional local funding in 2011.

The District qualified for a building program through the Ohio School Facilities Commission. A 1% earned income tax was passed by local voters in March, 2008. The \$56 million project is virtually completed with students occupying all newly constructed or renovated school buildings for the 2010-11 school year. This project will address the facilities needs of the District for the next 50 years. A maintenance fund generating the equivalent of ½ mill of property tax has been established to provide for the maintenance of these buildings.

Contacting the District's Financial Management

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

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

STATEMENT OF NET ASSETS
JUNE 30, 2010

	Governmental Activities
Assets:	
Equity in pooled cash and cash equivalents . . .	\$ 6,665,234
Cash with escrow agent	591,345
Investments	17,932,837
Receivables:	
Taxes	7,457,854
Payments in lieu of taxes	129,028
Accounts	119
Judgements	148,873
Accrued interest	10,742
Intergovernmental	1,229,664
Prepayments	23,697
Materials and supplies inventory	24,362
Unamortized bond issuance costs	359,798
Capital assets:	
Land	876,301
Construction in progress	40,886,302
Depreciable capital assets, net	9,979,153
Capital assets, net	51,741,756
Total assets	86,315,309
Liabilities:	
Accounts payable	131,003
Contracts payable	3,015,835
Retainage payable	744,865
Accrued wages and benefits	1,686,035
Pension obligation payable	506,805
Intergovernmental payable	102,446
Accrued interest payable	104,626
Unearned revenue	5,389,044
Long-term liabilities:	
Due within one year	1,185,964
Due in more than one year	29,254,902
Total liabilities	42,121,525
Net assets:	
Invested in capital assets, net of related debt	40,170,366
Restricted for:	
Capital projects	1,948,397
Classroom facilities maintenance	329,799
Debt service	580,580
State funded programs	5,542
Federally funded programs	53,315
Student activities	63,414
Other purposes	394,383
Unrestricted	647,988
Total net assets	\$ 44,193,784

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	Expenses	Program Revenues		Net (Expense)
		Charges for Services and Sales	Operating Grants and Contributions	Revenue and Changes in Net Assets
				Governmental Activities
Governmental activities:				
Instruction:				
Regular	\$ 10,420,937	\$ 773,659	\$ 904,330	\$ (8,742,948)
Special	2,553,088		767,862	(1,785,226)
Vocational	89,710		3,207	(86,503)
Other	719,967		28,441	(691,526)
Support services:				
Pupil.	1,220,108		177,771	(1,042,337)
Instructional staff	626,662	305	6,255	(620,102)
Board of education	29,432			(29,432)
Administration.	1,840,391	7,928	86,807	(1,745,656)
Fiscal.	523,270		2,460	(520,810)
Business.	8,945			(8,945)
Operations and maintenance	1,925,794	6,485	9,985	(1,909,324)
Pupil transportation.	998,401		36,079	(962,322)
Central	107,143		86,942	(20,201)
Operation of non-instructional services:				
Other non-instructional services	53,424		31,257	(22,167)
Food service operations	1,020,020	538,905	445,405	(35,710)
Extracurricular activities.	848,657	348,664	4,870	(495,123)
Interest and fiscal charges	1,369,524			(1,369,524)
Totals	\$ 24,355,473	\$ 1,675,946	\$ 2,591,671	(20,087,856)

General revenues:

Property taxes levied for:	
General purposes	5,524,703
Debt service.	391,651
Capital projects	156,728
School district income tax	1,819,106
Payments in lieu of taxes	203,391
Grants and entitlements not restricted	
to specific programs	11,081,171
Investment earnings	130,903
Miscellaneous	600,741
Total general revenues	19,908,394
Change in net assets	(179,462)
Net assets at beginning of year.	44,373,246
Net assets at end of year	\$ 44,193,784

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2010

	<u>General</u>	<u>Classroom Facilities</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:				
Equity in pooled cash and cash equivalents	\$ 2,609,742	\$ 436,151	\$ 3,619,341	\$ 6,665,234
Cash with escrow agent		591,345		591,345
Investments		17,932,837		17,932,837
Receivables:				
Taxes	6,856,761		601,093	7,457,854
Payments in lieu of taxes	129,028			129,028
Accounts	119			119
Judgements			148,873	148,873
Accrued interest	8,778	1,964		10,742
Intergovernmental	4,683	1,142,148	82,833	1,229,664
Prepayments	23,697			23,697
Materials and supplies inventory	19,388		4,974	24,362
Total assets	<u>\$ 9,652,196</u>	<u>\$ 20,104,445</u>	<u>\$ 4,457,114</u>	<u>\$ 34,213,755</u>
Liabilities:				
Accounts payable	\$ 31,756		\$ 99,247	\$ 131,003
Contracts payable		\$ 3,014,713	1,122	3,015,835
Retainage payable		744,865		744,865
Accrued wages and benefits	1,506,467		179,568	1,686,035
Compensated absences payable	88,711			88,711
Pension obligation payable	440,216		66,589	506,805
Intergovernmental payable	94,504		7,942	102,446
Deferred revenue	400,368	1,143,558	270,345	1,814,271
Unearned revenue	4,906,221		482,823	5,389,044
Total liabilities	<u>7,468,243</u>	<u>4,903,136</u>	<u>1,107,636</u>	<u>13,479,015</u>
Fund balances:				
Reserved for encumbrances	79,445	7,554,971	140,707	7,775,123
Reserved for supplies inventory	19,388		4,974	24,362
Reserved for tax revenue unavailable for appropriation	1,037,524		100,358	1,137,882
Reserved for prepayments	23,697			23,697
Unreserved:				
Designated for budget stabilization	972,375			972,375
Undesignated, reported in:				
General fund	51,524			51,524
Special revenue funds			668,195	668,195
Debt service fund			586,240	586,240
Capital projects funds		7,646,338	1,849,004	9,495,342
Total fund balances	<u>2,183,953</u>	<u>15,201,309</u>	<u>3,349,478</u>	<u>20,734,740</u>
Total liabilities and fund balances	<u>\$ 9,652,196</u>	<u>\$ 20,104,445</u>	<u>\$ 4,457,114</u>	<u>\$ 34,213,755</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2010

Total governmental fund balances		\$ 20,734,740
<i>Amounts reported for governmental activities on the statement of net assets are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		51,741,756
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Taxes receivable	\$ 438,096	
Judgements receivable	148,873	
Accrued interest receivable	2,321	
Intergovernmental receivable	1,224,981	
Total		1,814,271
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.		(104,626)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
General obligation bonds	25,391,689	
Lease purchase obligation	2,214,263	
Compensated absences payable	1,835,966	
Total		(29,441,918)
Unamortized premiums on bonds and leases are not recognized in the funds.		(1,089,265)
Unamortized deferred amount on advance refunding is not recognized in the funds.		179,028
Unamortized issuance costs are not recognized in the funds.		359,798
Net assets of governmental activities		\$ 44,193,784

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	General	Classroom Facilities	Other Governmental Funds	Total Governmental Funds
Revenues:				
From local sources:				
Taxes	\$ 7,414,832		\$ 556,583	\$ 7,971,415
Payments in lieu of taxes.	203,391			203,391
Tuition.	724,027			724,027
Earnings on investments	38,077	\$ 86,373	19,705	144,155
Extracurricular.	17,704		291,168	308,872
Charges for services			586,390	586,390
Classroom materials and fees	49,632		235	49,867
Other local revenues	274,420	1,500	134,582	410,502
Intergovernmental - state	10,912,290	18,218,532	394,180	29,525,002
Intergovernmental - federal			2,293,118	2,293,118
Total revenue	<u>19,634,373</u>	<u>18,306,405</u>	<u>4,275,961</u>	<u>42,216,739</u>
Expenditures:				
Current:				
Instruction:				
Regular.	9,076,682		901,109	9,977,791
Special	1,835,561		752,427	2,587,988
Vocational	89,710			89,710
Other	689,668		30,299	719,967
Support services:				
Pupil	1,046,699		164,718	1,211,417
Instructional staff	566,463		13,940	580,403
Board of education	29,432			29,432
Administration	1,600,748		160,432	1,761,180
Fiscal	502,987		14,949	517,936
Business.	8,945			8,945
Operations and maintenance	1,616,378		17,053	1,633,431
Pupil transportation	903,722		341	904,063
Central	20,040		87,103	107,143
Operation of non-instructional services:				
Other non-instructional services			27,979	27,979
Food service operations			974,212	974,212
Extracurricular activities.	428,169		325,161	753,330
Facilities acquisition and construction.		33,170,059	295,574	33,465,633
Debt service:				
Principal retirement.	54,007		751,826	805,833
Interest and fiscal charges	5,858		1,244,385	1,250,243
Total expenditures	<u>18,475,069</u>	<u>33,170,059</u>	<u>5,761,508</u>	<u>57,406,636</u>
Excess (deficiency) of revenues over (under) expenditures	<u>1,159,304</u>	<u>(14,863,654)</u>	<u>(1,485,547)</u>	<u>(15,189,897)</u>
Other financing sources (uses):				
Transfers in.			1,022,563	1,022,563
Transfers (out)	(1,022,563)			(1,022,563)
Sale of capital assets	7,534		25	7,559
Total other financing sources (uses)	<u>(1,015,029)</u>		<u>1,022,588</u>	<u>7,559</u>
Net change in fund balances	144,275	(14,863,654)	(462,959)	(15,182,338)
Fund balances at beginning of year.	2,048,879	30,064,963	3,812,225	35,926,067
Increase (decrease) in reserve for inventory	(9,201)		212	(8,989)
Fund balances at end of year	<u>\$ 2,183,953</u>	<u>\$ 15,201,309</u>	<u>\$ 3,349,478</u>	<u>\$ 20,734,740</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

Net change in fund balances - total governmental funds	\$	(15,182,338)
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their useful lives as depreciation expense.		
Capital outlay	\$ 33,329,573	
Depreciation expense	(693,719)	
Total		32,635,854
Governmental funds only report the gain from the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.		
Disposals	(339,391)	
Accumulated depreciation on disposals	207,190	
Total		(132,201)
Governmental funds report expenditures for inventory when purchased. However, in the statement of activities, they are reported as an expense when consumed.		
		(8,989)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Taxes	(79,227)	
Judgements	148,873	
Accrued interest	(7,459)	
Intergovernmental	(18,163,700)	
Total		(18,101,513)
Repayment of bond and capital lease principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statement of net assets.		
		805,833
Capital lease obligation payable balance forgiven as part of a lease trade-in agreement. This reduces long-term liabilities on the statement of net assets.		
		53,226
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	7,381	
Accretion of interest on capital appreciation bonds	(141,202)	
Amortization of issuance costs	(21,416)	
Amortization of premiums	54,968	
Amortization of deferred amount on refunding	(19,012)	
Total		(119,281)
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.		
		(130,053)
Change in net assets of governmental activities	\$	(179,462)

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

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

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
From local sources:				
Taxes	\$ 7,087,437	\$ 6,910,275	\$ 6,910,275	
Payments in lieu of taxes.	203,391	203,391	203,391	
Tuition.	742,589	724,027	724,027	
Earnings on investments	43,995	42,895	42,895	
Extracurricular.	18,158	17,704	17,704	
Classroom materials and fees	51,175	49,896	49,896	
Other local revenues	286,746	274,494	274,494	
Intergovernmental - state	11,208,688	10,928,509	10,928,509	
Total revenue	<u>19,642,179</u>	<u>19,151,191</u>	<u>19,151,191</u>	
Expenditures:				
Current:				
Instruction:				
Regular	9,789,784	9,040,532	9,175,040	\$ (134,508)
Special.	1,761,900	1,689,300	1,811,970	(122,670)
Vocational.	80,234	80,234	77,343	2,891
Other.	617,982	617,982	693,419	(75,437)
Support services:				
Pupil.	1,090,463	1,090,463	1,034,928	55,535
Instructional staff	619,929	611,199	596,955	14,244
Board of education	32,507	32,507	29,489	3,018
Administration.	1,818,614	1,818,614	1,660,965	157,649
Fiscal	556,488	565,218	506,804	58,414
Business	9,698	9,698	8,961	737
Operations and maintenance.	1,910,230	1,912,030	1,702,289	209,741
Pupil transportation	1,046,127	946,127	955,035	(8,908)
Central.	9,324	9,324	19,302	(9,978)
Extracurricular activities.	444,082	444,134	445,337	(1,203)
Total expenditures	<u>19,787,362</u>	<u>18,867,362</u>	<u>18,717,837</u>	<u>149,525</u>
Excess of revenues over (under) expenditures.	(145,183)	283,829	433,354	149,525
Other financing sources (uses):				
Refund of prior year's expenditures	1,626	1,585	1,585	
Transfers (out).	(115,000)	(993,000)	(1,022,563)	(29,563)
Sale of capital assets	7,727	7,534	7,534	
Total other financing sources (uses)	<u>(105,647)</u>	<u>(983,881)</u>	<u>(1,013,444)</u>	<u>(29,563)</u>
Net change in fund balance	(250,830)	(700,052)	(580,090)	119,962
Fund balance at beginning of year	2,909,973	2,909,973	2,909,973	
Prior year encumbrances appropriated	147,298	147,298	147,298	
Fund balance at end of year	<u>\$ 2,806,441</u>	<u>\$ 2,357,219</u>	<u>\$ 2,477,181</u>	<u>\$ 119,962</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2010

	<u>Private Purpose Trust</u>	
	<u>Scholarship</u>	<u>Agency</u>
Assets:		
Equity in pooled cash and cash equivalents	\$ 5,228	\$ 71,901
Total assets.	<u>5,228</u>	<u>71,901</u>
Liabilities:		
Accounts payable.		2,312
Due to students.		<u>69,589</u>
Total liabilities		<u>\$ 71,901</u>
Net assets:		
Held in trust for scholarships	<u>5,228</u>	
Total net assets	<u>\$ 5,228</u>	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

	<u>Private Purpose Trust</u>
	<u>Scholarship</u>
Additions:	
Interest	\$ 202
Deductions:	
Scholarships awarded	<u>200</u>
Change in net assets.	2
Net assets at beginning of year	<u>5,226</u>
Net assets at end of year.	<u>\$ 5,228</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

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

The District currently operates three elementary schools, one middle school and one comprehensive high school. The District employs 111 non-certified and 155 certified (including administrative) full-time and part-time employees to provide services to approximately 2,208 students in grades K through 12 and various community groups, which ranks it 224th out of 905 public school districts and community schools in Ohio.

The District provides regular, vocational and special instruction. The District also provides support services for the pupils, instructional staff, general and District administration, business and fiscal services, facilities acquisitions and construction services, operation and maintenance 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) guidance issued on or before November 30, 1989, to its governmental activities provided it does not conflict with or contradict GASB pronouncements. The District's significant accounting policies are described below.

A. Reporting Entity

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

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

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

JOINTLY GOVERNED ORGANIZATIONS

Northern Ohio Educational Computer Association

The Northern Ohio Educational Computer Association (NOECA) is a jointly governed organization among forty-one school districts. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to the administrative and instructional functions among member districts. Each of the governments of these schools supports NOECA based upon a per pupil charge dependent upon the software package utilized. The NOECA assembly consists of a superintendent from each participating school district and a representative from the fiscal agent. NOECA is governed by a Board of Directors chosen from the general membership of the NOECA assembly. The Board of Directors consists of a representative from the fiscal agent, the chairman of each of the operating committees, and two assembly members from each county in which participating school districts are limited to its representation on the Board. The District paid \$81,274 to NOECA in fiscal year 2010 for services. Financial information can be obtained by contacting Betty Schwiefert, who serves as controller, at 2900 South Columbus Avenue, Sandusky, Ohio 44870.

Vanguard-Sentinel Career Centers

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

Bay Area Council

The Bay Area Council was established in 1986 to carry out a cooperative program for the purchase of natural gas among Boards of Education located in Erie, Huron, Ottawa, Sandusky, Seneca, and Wood Counties. The Bay Area Council is organized under Ohio laws as a regional council of governments pursuant to a written agreement entered into by its member Boards of Education. The Bay Area Council is governed by a Board of Directors. This Board is elected by an assembly consisting of a representative from each participating school district. The District paid \$120,519 to the Bay Area Council during fiscal year 2010 for gas usage and related fees. Financial information can be obtained from the Treasurer at the North Point Educational Service Center, who serves as fiscal agent, 2900 Columbus Avenue, Sandusky, Ohio 44870.

Northwest Ohio Educational Research Council

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

RELATED ORGANIZATION

Clyde Public Library

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

PUBLIC ENTITY RISK POOLS

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

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

The Executive Director of the OASBO, or his designee, serves as coordinator of the Plan. Each year, the participating school districts pay an enrollment fee to the Plan to cover the costs of administering the program. The District paid \$775 for fiscal year 2010 in order to participate in the Plan.

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

B. Fund Accounting

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

GOVERNMENTAL FUNDS

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

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

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

C. Basis of Presentation and Measurement Focus

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

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

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

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

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

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.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

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

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, payments in lieu of 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, income taxes, payments in lieu of taxes, interest, tuition, grants, student fees and rentals.

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

Property taxes and payments in lieu of taxes for which there is an enforceable legal claim as of June 30, 2010, but which were levied to finance fiscal year 2011 operations, and other revenues received in advance of the fiscal year for which they are intended to finance, have been recorded as unearned revenue. Grants and entitlements received before the eligibility requirements are met and delinquent property taxes due at June 30, 2010 are recorded as deferred revenue.

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

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

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.

Tax Budget:

Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The purpose of this budget document is to reflect the need for existing (or increased) tax rates. By no later than January 20, the Board-adopted budget is filed with the Sandusky County Budget Commission for rate determination.

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

Appropriations:

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

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

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

Lapsing of Appropriations:

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

F. Cash and Investments

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

During fiscal year 2010, investments were limited to U.S. savings bonds, certificates of deposit, federal agency securities, commercial paper, banker's acceptance notes, U.S. Government money market mutual funds and investments in the State Treasury Asset Reserve of Ohio (STAR Ohio). Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts, such as savings bonds and certificates of deposit, are reported at cost.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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

The District has invested funds in STAR Ohio during fiscal year 2010. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's shares price which is the price the investment could be sold for on June 30, 2010.

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 2010 amounted to \$38,077, which includes \$5,040 assigned from other District funds.

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

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

G. Inventory

On government-wide and fund financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used. Donated commodities are presented at their entitlement value. Inventories are accounted for using the purchase method on the fund financial statements and using the consumption method on the government-wide statements.

On the fund financial statements, reported material and supplies inventory is equally offset by a fund balance reserve in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets.

Inventory consists of expendable supplies held for consumption, donated food and purchased food.

H. Capital Assets

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

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

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

I. Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated in the governmental activities column on the statement of net assets. The District had no interfund balances at June 30, 2010.

J. Compensated Absences

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

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

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

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

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

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

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

L. Accrued Liabilities and Long-Term Obligations

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

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

M. Fund Balance Reserves/Designations

The District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for encumbrances, prepayments, supplies inventory 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. The District has also designated portions of fund equity which are legally segregated for a specific future use. A portion of fund balance has been designated for budget stabilization.

N. Net Assets

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

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

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

O. Prepayments

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

P. Estimates

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

Q. Restricted Assets

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

R. Interfund Activity

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

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

U. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2010.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2010, the District has implemented GASB Statement No. 51, "Accounting and Financial Reporting for Intangible Assets", GASB Statement No. 53, "Accounting and Financial Reporting for Derivative Instruments", and GASB Statement No. 58, "Accounting and Financial Reporting for Chapter 9 Bankruptcies".

GASB Statement No. 51 addresses accounting and financial reporting standards for intangible assets, which are assets that lack physical substance, are nonfinancial in nature, and have an initial useful life extending beyond a single reporting period. Examples of intangible assets include easements, water rights, computer software, patents, and trademarks. GASB Statement No. 51 improves the quality of financial reporting by creating consistency in the recognition, initial measurement, and amortization of intangible assets. The implementation of GASB Statement No. 51 did not have an effect on the financial statements of the District.

GASB Statement No. 53 addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by state and local governments. Derivative instruments are financial arrangements used by governments to manage specific risks or to make investments. Common types of derivative instruments include interest rate and commodity swaps, interest rate locks, options, swaptions, forward contracts, and futures contracts. The implementation of GASB Statement No. 53 did not have an effect on the financial statements of the District.

GASB Statement No. 58 establishes accounting and financial reporting guidance for governments that have petitioned for protection from creditors by filing for bankruptcy under Chapter 9 of the United States Bankruptcy Code. GASB Statement No. 58 requires governments to remeasure liabilities that are adjusted in bankruptcy when the bankruptcy court confirms a new payment plan. The implementation of GASB Statement No. 58 did not have an effect on the financial statements of the District.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

B. Deficit Fund Balances

Fund balances at June 30, 2010 included the following individual fund deficits:

<u>Nonmajor governmental funds</u>	<u>Deficit</u>
Management information systems	\$ 33
Alternative schools	68
Education stabilization	20,671
Stimulus - Title II-D	10
Title I	65,926
Improving teacher quality	13,697

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

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in items (1) and (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain banker's acceptance and commercial paper notes for a period not to exceed one-hundred-eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

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

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

A. Cash on Hand

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

B. Cash with Escrow Agent

At fiscal year end, \$591,345 was on deposit in the District's escrow accounts for retainage obligations to contractors, and was excluded from the total amount of deposits reported below. This amount is not part of the internal cash pool, but is reported on the financial statements as "cash with escrow agent."

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

C. Deposits with Financial Institutions

At June 30, 2010, the carrying amount of all District deposits was \$1,687,143. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2010, \$500,000 of the District's bank balance of \$1,175,030 was covered by the Federal Deposit Insurance Corporation, and \$675,030 was exposed to custodial credit risk as discussed below.

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

C. Investments

As of June 30, 2010, the District had the following investments and maturities:

<u>Investment type</u>	<u>Fair Value</u>	<u>Investment Maturities</u>	
		<u>6 months or less</u>	<u>7 to 12 months</u>
FFCB	\$ 203,438		\$ 203,438
FHLB	3,344,899	\$ 3,020,000	324,899
FHLMC	1,309,948	1,309,948	
FHLB discount notes	3,078,893	3,078,893	
FHLMC discount notes	2,798,600	2,798,600	
FNMA discount notes	3,097,430	3,097,430	
Commercial paper	2,322,412	2,322,412	
Bankers acceptance notes	1,980,655	1,980,655	
U.S. Government money market mutual funds	1,741,068	1,741,068	
U.S. Savings bonds	5,000	5,000	
STAR Ohio	3,105,612	3,105,612	
Total	\$ 22,987,955	\$22,459,618	\$ 528,337

The weighted average maturity of investments is 0.22 years.

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

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

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, 2010:

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
FFCB	\$ 203,438	0.88
FHLB	3,344,899	14.56
FHLMC	1,309,948	5.70
FHLB discount notes	3,078,893	13.39
FHLMC discount notes	2,798,600	12.17
FNMA discount notes	3,097,430	13.47
Commercial paper	2,322,412	10.10
Bankers acceptance notes	1,980,655	8.62
U.S. Government money market	1,741,068	7.57
U.S. savings bonds	5,000	0.02
STAR Ohio	3,105,612	13.52
	┌───────────┐	└───────────┘
Total	<u>\$ 22,987,955</u>	<u>100.00</u>

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 4 - DEPOSITS AND INVESTMENTS - (Continued)

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

The following is a reconciliation of cash and investments as reported in the note above to cash and investments as reported on the statement of net assets as of June 30, 2010:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 1,687,143
Investments	22,987,955
Cash on hand	102
Cash with escrow agent	<u>591,345</u>
 Total	 <u>\$ 25,266,545</u>

<u>Cash and investments per statement of net assets</u>	
Governmental activities	\$ 25,189,416
Private-purpose trust fund	5,228
Agency funds	<u>71,901</u>
 Total	 <u>\$ 25,266,545</u>

NOTE 5 - INTERFUND TRANSACTIONS

Interfund transfers for the year ended June 30, 2010 consisted of the following as reported on the fund financial statements:

From the General Fund to Nonmajor governmental funds	\$ 1,022,563
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Transfers are used to move revenues from the fund that statute or budget required to collect them to the fund that statute or budget requires to expend them and to use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations. Transfers between governmental funds are eliminated in the statement of activities.

NOTE 6 - PROPERTY TAXES

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 6 - PROPERTY TAXES - (Continued)

Property taxes include amounts levied against all real property, public utility property, and certain tangible personal (used in business) property located in the District. Real property tax revenues received in calendar year 2010 represent the collection of calendar year 2009 taxes. Real property taxes received in calendar year 2010 were levied after April 1, 2009, on the assessed values as of January 1, 2009, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2010 represent the collection of calendar year 2009 taxes. Public utility real and tangible personal property taxes received in calendar year 2010 became a lien on December 31, 2008, were levied after April 1, 2009, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

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

The District receives property taxes from Sandusky and Seneca Counties. The County Auditors periodically advance to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2010, are available to finance fiscal year 2010 operations. The amount available as an advance at June 30, 2010 was \$1,037,524 in the general fund, \$71,455 in the bond retirement debt service fund (a nonmajor governmental fund) and \$28,903 permanent improvement fund (a nonmajor governmental fund). This amount is recorded as revenue. The amount available for advance at June 30, 2009 was \$833,306 in the general fund, \$58,774 in the bond retirement debt service fund (a nonmajor governmental fund) and \$24,193 in the permanent improvement fund (a nonmajor governmental fund). The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2010 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to unearned revenue.

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 6 - PROPERTY TAXES - (Continued)

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

	2009 Second Half Collections		2010 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 203,244,360	97.63	\$ 209,439,240	97.67
Public utility personal	<u>4,938,520</u>	<u>2.37</u>	<u>5,001,240</u>	<u>2.33</u>
Total	<u>\$ 208,182,880</u>	<u>100.00</u>	<u>\$ 214,440,480</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation for:				
Operations	\$48.00		\$47.95	
Permanent improvements	1.50		1.50	
Debt service	2.10		2.10	

NOTE 7 - INCOME TAX

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

NOTE 8 - RECEIVABLES

Receivables at June 30, 2010 consisted of taxes, payments in lieu of taxes, accounts (billings for user charged services and student fees), judgments, accrued interest, and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of federal funds. A summary of the principal items of receivables reported on the statement of net assets follows:

Governmental activities:	
Taxes	\$ 7,457,854
Payments in lieu of taxes	129,028
Accounts	119
Judgments	148,873
Accrued interest	10,742
Intergovernmental	<u>1,229,664</u>
Total	<u>\$ 8,976,280</u>

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 8 – RECEIVABLES - (Continued)

Receivables have been disaggregated on the face of the basic financial statements. All receivables, except \$1,142,148 due from the Ohio School Facilities Commission (OSFC) and judgments, are expected to be collected within one year.

NOTE 9 - CAPITALIZED LEASES - LESSEE DISCLOSURE

- A. In a prior fiscal year, the District entered into a capitalized lease agreement for the acquisition of copier equipment.

This lease meets the criteria of a capital lease as defined by FASB Statement #13 "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee at the conclusion of the lease term. At inception, the lease was accounted for as a capital outlay expenditure and other financing source in the general fund. Capital lease payments have been reclassified and are reflected as debt service expenditures in the fund financial statements and as a reduction of the lease liability in the government-wide financial statements. These expenditures are reflected as program/function expenditures on a budgetary basis.

Principal and interest payments in the 2010 fiscal year totaled \$12,897 and \$618, respectively. These amounts are reflected as debt service expenditures in the general fund. The District traded in this lease for a new lease, which is not capital in nature, resulting in no additional capital lease obligation at June 30, 2010. The principal outstanding on the lease at trade-in was \$53,226. This amount has been included as miscellaneous revenue in the statement of activities.

B. Lease Purchase Obligations

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

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

Capital assets consisting of land, construction in progress and vehicles have been capitalized in the amount of \$452,341, \$55,714 and \$458,893, respectively. Accumulated depreciation on the vehicles as of June 30, 2010 was \$114,723, leaving a current book value of \$344,170. Lease-purchase proceeds in the amount of \$1,735,803 have not been spent as of June 30, 2010. Principal and interest payments of \$492,936 and \$127,750, respectively, were paid from the general fund and the permanent improvement fund (a nonmajor governmental fund).

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

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

The following is a schedule of the future long-term minimum lease payments required under the lease purchase agreements and the present value of the future minimum lease payments as of June 30, 2010:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2011	\$ 620,008
2012	657,235
2013	462,508
2014	484,604
2015	<u>246,282</u>
Total minimum lease payments	2,470,637
Less: amount representing interest	<u>(256,374)</u>
Total	<u>\$ 2,214,263</u>

NOTE 10 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2010, was as follows:

	<u>Balance 6/30/09</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 06/30/10</u>
Governmental activities:				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 876,301			\$ 876,301
Construction in progress	7,623,544	\$ 33,262,758		40,886,302
Total capital assets, not being depreciated	<u>8,499,845</u>	<u>33,262,758</u>		<u>41,762,603</u>
<i>Capital assets, being depreciated:</i>				
Improvements other than buildings	1,140,033			1,140,033
Buildings and improvements	24,573,089			24,573,089
Furniture and equipment	2,984,373	66,815	\$ (339,391)	2,711,797
Vehicles	1,364,686			1,364,686
Total capital assets, being depreciated	<u>30,062,181</u>	<u>66,815</u>	<u>(339,391)</u>	<u>29,789,605</u>
<i>Less: accumulated depreciation</i>				
Improvements other than buildings	(631,512)	(51,150)		(682,662)
Buildings and improvements	(16,189,181)	(380,657)		(16,569,838)
Furniture and equipment	(1,633,635)	(174,459)	207,190	(1,600,904)
Vehicles	(869,595)	(87,453)		(957,048)
Total accumulated depreciation	<u>(19,323,923)</u>	<u>(693,719)</u>	<u>207,190</u>	<u>(19,810,452)</u>
Governmental activities capital assets, net	<u>\$ 19,238,103</u>	<u>\$ 32,635,854</u>	<u>\$ (132,201)</u>	<u>\$ 51,741,756</u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 10 - CAPITAL ASSETS – (Continued)

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$441,455
Special	2,465
<u>Support services:</u>	
Pupil	293
Instructional staff	274
Administration	2,760
Fiscal	1,367
Operations and maintenance	28,360
Pupil transportation	88,514
Non-instructional services	24,930
Extracurricular activities	87,124
Food service operations	<u>16,177</u>
Total depreciation expense	<u><u>\$693,719</u></u>

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 11 - LONG-TERM OBLIGATIONS

A. During the fiscal year 2010, the following changes occurred in governmental activities long-term obligations:

	<u>Balance</u> <u>6/30/09</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance</u> <u>6/30/10</u>	<u>Amounts</u> <u>Due in</u> <u>One Year</u>
Governmental activities:					
<i>General obligation bonds:</i>					
<u>Refunding bonds - series 2004</u>					
Current interest bonds	\$ 3,690,000		\$ (275,000)	\$ 3,415,000	\$ 280,000
Capital appreciation bonds	230,397			230,397	
Accreted interest	273,723	\$ 73,013		346,736	
<u>Construction bonds - series 2008</u>					
Current interest bonds	21,080,000		(25,000)	21,055,000	200,000
Capital appreciation bonds	219,988			219,988	
Accreted interest	56,379	68,189		124,568	
Total general obligation bonds	<u>25,550,487</u>	<u>141,202</u>	<u>(300,000)</u>	<u>25,391,689</u>	<u>480,000</u>
<i>Other long-term obligations:</i>					
Capital lease obligation	66,123		(66,123)		
Lease-purchase obligations	2,707,199		(492,936)	2,214,263	517,340
Compensated absences	1,808,974	360,903	(245,200)	1,924,677	188,624
Total other long-term obligations	<u>4,582,296</u>	<u>360,903</u>	<u>(804,259)</u>	<u>4,138,940</u>	<u>705,964</u>
Total governmental activities	<u>\$30,132,783</u>	<u>\$ 502,105</u>	<u>\$ (1,104,259)</u>	29,530,629	<u>\$1,185,964</u>
Add: unamortized premium on bonds and lease-purchase				1,089,265	
Less: unamortized deferred amount on refunding				<u>(179,028)</u>	
Total long-term obligations				<u>\$ 30,440,866</u>	

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.

The refunding issue is comprised of both current interest bonds, par value \$4,790,000, and capital appreciation bonds, par value \$230,397. The interest rates on the current interest bonds range from 2.00% to 4.40%. The capital appreciation bonds mature on December 1, of 2014, 2015, 2016, and 2017 (stated interest rate of 14.00%) at a redemption price equal to 100% of the principal plus accreted interest to the redemption date. The accreted value at maturity for the capital appreciation bonds is \$1,285,000. A total of \$346,736 in interest has been accreted on the capital appreciation bonds as of June 30, 2010.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

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

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

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

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

The issue is comprised of both current interest bonds, par value \$21,080,000, and capital appreciation bonds, par value \$219,988. The interest rates on the current interest bonds range from 3.00% to 5.00%. The capital appreciation bonds mature on December 1, of 2016, and 2017 (stated interest rate of 23.325%) at a redemption price equal to 100% of the principal plus accreted interest to the redemption date. The accreted value at maturity for the capital appreciation bonds is \$1,605,000. A total of \$124,568 in interest has been accreted on the capital appreciation bonds as of June 30, 2010.

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

At June 30, 2010, proceeds of \$14,735,905 from this bond issue have not been spent.

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

B. Principal and interest requirements to retire the long-term obligations outstanding at June 30, 2010, are as follows:

Year Ended	Current Interest Bonds, Series 2004			Capital Appreciation Bonds, Series 2004		
	Principal	Interest	Total	Principal	Interest	Total
2011	\$ 280,000	\$ 146,666	\$ 426,666			
2012	290,000	136,259	426,259			
2013	300,000	125,197	425,197			
2014	310,000	113,604	423,604			
2015		107,638	107,638	\$ 69,510	\$ 250,490	\$ 320,000
2016 - 2020	645,000	510,398	1,155,398	160,887	804,113	965,000
2021 - 2025	500,000	341,272	841,272			
2026 - 2030	630,000	201,666	831,666			
2031 - 2033	460,000	36,129	496,129			
Total	\$ 3,415,000	\$ 1,718,829	\$ 5,133,829	\$ 230,397	\$ 1,054,603	\$ 1,285,000

Year Ended	Current Interest Bonds, Series 2008			Capital Appreciation Bonds, Series 2008		
	Principal	Interest	Total	Principal	Interest	Total
2011	\$ 200,000	\$ 962,463	\$ 1,162,463			
2012	200,000	956,462	1,156,462			
2013	200,000	950,213	1,150,213			
2014	200,000	943,462	1,143,462			
2015	465,000	931,825	1,396,825			
2016 - 2020	2,465,000	4,415,938	6,880,938	\$ 219,988	\$ 1,385,012	\$ 1,605,000
2021 - 2025	5,430,000	3,418,531	8,848,531			
2026 - 2030	7,345,000	1,916,838	9,261,838			
2031 - 2032	4,550,000	228,825	4,778,825			
Total	\$ 21,055,000	\$ 14,724,557	\$ 35,779,557	\$ 219,988	\$ 1,385,012	\$ 1,605,000

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

C. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2010, are a voted debt margin of \$16,091,953 (including available funds of \$657,695) and an unvoted debt margin of \$214,440.

NOTE 12 - COMPENSATED ABSENCES

A. Sick Leave

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

B. Severance Pay

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

NOTE 13 - RISK MANAGEMENT

A. Comprehensive

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 13 - RISK MANAGEMENT – (Continued)

B. Health Insurance

The District has joined together with other school districts in the area to form the San-Ott Schools Employee Welfare Benefit Association, whose purpose is to provide health coverage and benefits to and for the eligible employees of Association members and their dependents. The District pays premiums to the Association based upon the benefits structure selected. The Association Trust Agreement provides that the Association will be self-sustaining through member premiums and will reinsure through commercial companies for specific claims in excess of \$200,000 and aggregate claims in excess of 120% of expected claims.

C. Workers' Compensation

For fiscal year 2010, the District participated in the Ohio Association of School Business Officials (OASBO) Workers' Compensation Group Rating Plan (the "Plan"), an insurance purchasing pool. The intent of the Plan is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the Plan. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the Plan. Each participant pays its workers' compensation premium to the state based on the rate for the Plan rather than its individual rate.

NOTE 14 - PENSION PLANS

A. School Employees Retirement System

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

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to 14 percent of annual covered payroll. 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 Retirement Board acting with the advise of the actuary, allocates the employer contribution rate among four of the funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund) of the System. For fiscal year ending June 30, 2010, the allocation to pension and death benefits is 12.78 percent. The remaining 1.22 percent of 14 percent employer contribution rate is allocated to the Health Care and Medicare B Funds. The School District's contribution to SERS for the years ended June 30, 2010, 2009 and 2008 were \$347,983, \$244,518 and \$231,841, respectively, which equaled the required contributions each year.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 14 - PENSION PLANS - (Continued)

B. State Teachers Retirement System of Ohio

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

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions is 10% and employer contributions is 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

Funding Policy - For fiscal year 2010, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2010, 2009 and 2008 were \$1,287,271, \$1,240,787 and \$1,202,639, respectively; 83.78 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008. Contributions to the DC and Combined Plans for fiscal year 2010 were \$6,277 made by the District and \$4,483 made by the plan members.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 14 - PENSION PLANS - (Continued)

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the SERS/STRS Ohio have an option to choose Social Security or the SERS/STRS Ohio. As of June 30, 2010, certain members of the Board of Education have elected Social Security. The District's liability is 6.2 percent of wages paid.

NOTE 15 - POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

Plan Description - In addition to a cost-sharing multiple-employer defined benefit pension plan the School employees Retirement System of Ohio (SERS) administers two postemployment benefit plans.

Medicare Part B Plan

The Medicare Part B plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Chapter 3309.69 of the Ohio Revised Code. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2010 was \$96.40 for most participants, but could be as high as \$353.60 per month depending on their income. SERS' reimbursement to retirees was \$45.50.

The Retirement Board, acting with the advice of the actuary, allocates a portion of the current employer contribution rate to the Medicare B Fund. For fiscal year 2010, the actuarially required allocation of .76 percent. The District's contributions for the fiscal years ended June 30, 2010, 2009, and 2008 were \$20,694, \$20,175 and \$16,705, respectively which equaled the required contributions each year.

Health Care Plan

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

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

The Health Care Fund was established under, and is administrated in accordance with Internal Revenue Code 105(e). Each year after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer 14 percent contribution to the Health Care Fund. For the year ended June 30, 2010, the health care allocation is .46 percent. An additional health care surcharge on employers is collected from employees earning less than an actuarially determined minimum compensation amount, pro-rated

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010**

NOTE 15 - POSTEMPLOYMENT BENEFITS - (Continued)

according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For the fiscal year 2010, the minimum compensation level was established at \$35,800. The surcharge, added to the unallocated portion of 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The District contributions assigned to the health care for the years ended June 30, 2010, 2009, and 2008 were \$52,546, \$163,620 and \$154,346, respectively.

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

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

B. State Teachers Retirement System of Ohio

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

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2010, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2010, 2009, and 2008 were \$99,021, \$95,445 and \$92,511, respectively; 83.78 percent has been contributed for fiscal year 2010 and 100 percent for fiscal years 2009 and 2008.

NOTE 16 - BUDGETARY BASIS OF ACCOUNTING

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

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 16 - BUDGETARY BASIS OF ACCOUNTING

- 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); and,
- d) Investments are reported at fair value (GAAP basis) rather than cost (budget 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	\$ (580,090)
Net adjustment for revenue accruals	483,182
Net adjustment for expenditure accruals	109,973
Net adjustment for other sources/uses	(1,585)
Adjustment for encumbrances	<u>132,795</u>
GAAP basis	<u>\$ 144,275</u>

NOTE 17 - CONTINGENCIES

A. Grants

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

B. Litigation

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

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 18 - STATUTORY RESERVES

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

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

	<u>Textbooks/ Instructional Materials</u>	<u>Capital Acquisition</u>
Set-aside balance as of June 30, 2009	\$ (1,169,817)	
Current year set-aside requirement	354,929	\$ 354,929
Qualifying disbursements	<u>(381,537)</u>	<u>(544,873)</u>
Total	<u>\$ (1,196,425)</u>	<u>\$ (189,944)</u>
Balance carried forward to fiscal year 2011	<u>\$ (1,196,425)</u>	<u> </u>

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

Monies set-aside by the Board of Education for budget stabilization are reported as a designation of fund balance in the general fund. The balance in the budget stabilization designation at June 30, 2010 was \$972,375. See note 11 for more details on this designation.

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

NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2010

NOTE 19 - CONTRACTUAL COMMITMENTS

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

<u>Contractor</u>	<u>Contract Amount</u>	<u>Expended</u>	<u>Balance 6/30/10</u>
ACI Construction Co., Inc.	\$ 6,685,833	\$ (6,079,135)	\$ 606,698
Adena Corporation	7,375,327	(5,952,963)	1,422,364
Babcock, LR, Inc.	994,097	(737,125)	256,972
Bernard, JF, Inc.	872,488	(831,379)	41,109
Breckenridge Kitchen Equipment & Design, Inc.	1,143,159	(759,586)	383,573
Brint Electric, Inc.	1,770,336	(1,623,399)	146,937
Bromack Electric Services, Inc.	1,121,379	(1,047,361)	74,018
Clouse Electric, LTD	1,387,650	(843,555)	544,095
Clouse Construction	3,970,873	(2,216,487)	1,754,386
S.A. Comunale, Co., Inc.	88,699	(53,853)	34,846
Doan Pryamid, LLC.	349,320	(256,918)	92,402
Dundore Plumbing	357,922	(327,961)	29,961
Legacy Flooring	155,285	(39,515)	115,770
Martin Public Seating	1,129,099	(198,605)	930,494
Mosser Construction, Inc.	5,346,196	(4,457,186)	889,010
NeTech Corporation	774,838		774,838
Otis Elevator	84,165		84,165
Quality Environmental	68,430	(59,288)	9,142
Southeast Security	381,500		381,500
Stark's, Inc.	506,703	(411,721)	94,982
Total Environmental Service	112,265	(23,043)	89,222
Vaughn Industries, LLC.	3,741,519	(3,440,634)	300,885
Vulcan Enterprises, Inc.	337,958	(282,201)	55,757
Wadsworth & Associates	776,239	(517,493)	258,746
Warner Mechanical Corporation	730,383	(581,837)	148,546
Westfield Electric, Inc.	876,052	(748,913)	127,139
Zenith Systems	443,285		443,285
Total	\$ 41,581,000	\$ (31,490,158)	\$ 10,090,842

These contractual commitments relate to the OSFC project undertaken by the District. In addition to the amounts paid above, the District has recorded contracts payable and retainage payable in the amounts of \$3,015,835 and \$744,865, respectively, for costs incurred prior to fiscal year end on the OSFC project. Costs incurred by fiscal year end (including contracts and retainage payable) have been recorded as construction-in-progress in the District's capital assets. (See Note 10).

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

**FEDERAL AWARDS RECEIPT AND EXPENDITURE SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2010**

FEDERAL GRANTOR <i>Pass Through Grantor</i>				
Program Title	Pass-through Number	Federal CFDA Number	Receipts	Disbursements
UNITED STATES DEPARTMENT OF AGRICULTURE				
<i>Passed Through Ohio Department of Education</i>				
<u>Nutrition Cluster:</u>				
National School Lunch Program:				
Non Cash Assistance (Food Distribution)		10.555	\$ 53,723	\$ 53,723
Cash Assistance		10.555	319,288	319,288
Total National School Lunch Program			<u>373,011</u>	<u>373,011</u>
School Breakfast Program		10.553	56,714	56,714
Total US Department of Agriculture			<u>429,725</u>	<u>429,725</u>
UNITED STATES DEPARTMENT OF EDUCATION				
<i>Passed Through Ohio Department of Education</i>				
<u>Special Education Cluster:</u>				
Special Education Grants to States		84.027	477,536	477,536
Special Education Preschool Grants		84.173	11,835	11,835
ARRA - Special Education Grants to States	932N	84.391	232,494	210,253
ARRA - Special Preschool Grants	932N	84.392	8,741	8,741
Total Special Education Cluster			<u>730,606</u>	<u>708,365</u>
<u>Title I Cluster:</u>				
Title I Grants To Local Educational Agencies		84.010	258,268	258,173
ARRA - Title I Grants to Local Educational Agencies	932N	84.389	99,349	96,758
Total Title I Cluster			<u>357,617</u>	<u>354,931</u>
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants	932N	84.394	612,352	557,682
Twenty-First Century Community Learning Centers		84.287	125,000	106,011
Safe and Drug Free-Schools and Communities State Grants		84.186	5,967	4,810
State Grants for Innovative Programs		84.298		50
Educational Technology State Grants		84.318	2,321	2,321
Improving Teacher Quality State Grants		84.367	71,836	70,343
Total US Department of Education			<u>1,905,699</u>	<u>1,804,513</u>
Total Federal Assistance			<u>\$ 2,335,424</u>	<u>\$ 2,234,238</u>

The accompanying notes are an intergral part of this schedule

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

**NOTES TO THE FEDERAL AWARDS RECEIPT AND EXPENDITURE SCHEDULE
FISCAL YEAR ENDED JUNE 30, 2010**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - CHILD NUTRITION CLUSTER

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

NOTE C – FOOD DONATION PROGRAM

The District reports commodities consumed on the Schedule at the fair value. The District allocated donated food commodities to the respective program that benefitted from the use of those donated food commodities.



Dave Yost • Auditor of State

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

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

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Clyde-Green Springs Exempted Village School District, Sandusky County, (the District) as of and for the year ended June 30, 2010, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 31, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

We did note certain matters not requiring inclusion in this report that we reported to the District's management in a separate letter dated January 31, 2011.

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



Dave Yost
Auditor of State

January 31, 2011



Dave Yost • Auditor of State

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

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

To the Board of Education:

Compliance

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

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to reasonably assure whether noncompliance occurred with the compliance requirements referred to above that could directly and materially affect a major federal program. An audit includes examining, on a test basis, evidence about the 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 could directly and materially affect each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

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

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

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

We noted matters involving federal compliance not requiring inclusion in this report, that we reported to the District's management in a separate letter dated January 31, 2011.

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



Dave Yost
Auditor of State

January 31, 2011

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

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

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control 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 weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control 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(a)?	No
(d)(1)(vii)	Major Programs (list):	Title I Cluster CFDA # 84.010 and 84.389; Special Education Cluster CFDA # 84.027, 84.173, 84.391, and 84.392; ARRA – State Fiscal Stabilization Fund CFDA # 84.394.
(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 FOR FEDERAL AWARDS

None



Dave Yost • 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
FEBRUARY 17, 2011**