



Dave Yost • Auditor of State



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

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Accountants' Report.....	1
Management's Discussion and Analysis.....	3
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets .....	15
Statement of Activities .....	16
Fund Financial Statements:	
Balance Sheet - Governmental Funds.....	17
Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities.....	18
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds .....	19
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	20
Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual Comparison (Non-GAAP Budgetary Basis) - General Fund .....	21
Statement of Fiduciary Net Assets - Fiduciary Funds .....	22
Statement of Changes in Fiduciary Net Assets – Fiduciary Fund .....	23
Notes to the Basic Financial Statements .....	25
Schedule of Federal Awards Receipts and Expenditures.....	63
Notes to the Schedule of Federal Awards Receipts and Expenditures .....	64
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	65
Independent Accountants' Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance in Accordance with <i>OMB Circular A-133</i> .....	67
Schedule of Findings.....	69
Corrective Action Plan.....	71
Independent Accountants' Report on Applying Agreed Upon Procedure.....	73

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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, 2011, 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, 2011, 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.

As described in Note 3 to the basic financial statements, the District adopted Government Accounting Standards Board Statement 54, "Fund Balance Reporting and Governmental Fund Type Definitions".

In accordance with *Government Auditing Standards*, we have also issued our report dated March 14, 2012, 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 schedule of federal awards receipts and expenditures 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 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

March 14, 2012

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011  
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, 2011. 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 2011 are as follows:

- In total, net assets of governmental activities decreased \$73,702, which represents a 0.23% decrease from 2010.
- General revenues accounted for \$19,618,176 in revenue or 76.52% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$6,020,535 or 23.48% of total revenues of \$25,638,711.
- The District had \$25,712,413 in expenses related to governmental activities; only \$6,020,535 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 \$19,618,176 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 \$20,377,481 in revenues and other financing sources and \$20,266,833 in expenditures and other financing uses. During fiscal year 2011, the general fund's fund balance increased \$106,323 from a restated balance of \$2,217,957 to \$2,324,280.
- The classroom facilities fund had \$1,022,864 in revenues and \$7,447,711 in expenditures. During fiscal year 2011, the classroom facilities fund's fund balance decreased \$6,424,847 from \$15,201,309 to \$8,776,462.

**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, 2011  
UNAUDITED  
(Continued)**

**Reporting the District as a Whole**

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

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2011?" The statement of net assets and the statement of activities answer this question. These statements include all assets, liabilities, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

***Fund Financial Statements***

Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's 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, 2011  
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 District has restated net assets for 2010 as described in Note 3.A.

	<b>Net Assets</b>	
	Governmental Activities 2011	Restated Governmental Activities 2010
<b><u>Assets</u></b>		
Current and other assets	\$ 22,523,675	\$ 34,573,553
Capital assets, net	<u>46,758,149</u>	<u>39,306,053</u>
Total assets	<u>69,281,824</u>	<u>73,879,606</u>
<b><u>Liabilities</u></b>		
Current liabilities	7,542,155	11,680,659
Long-term liabilities	<u>30,055,290</u>	<u>30,440,866</u>
Total liabilities	<u>37,597,445</u>	<u>42,121,525</u>
<b><u>Net assets</u></b>		
Invested in capital assets, net of related debt	27,526,919	27,734,663
Restricted	4,366,203	3,375,430
Unrestricted (deficit)	<u>(208,743)</u>	<u>647,988</u>
Total net assets	<u>\$ 31,684,379</u>	<u>\$ 31,758,081</u>

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2011, the District's assets exceeded liabilities by \$31,684,379.

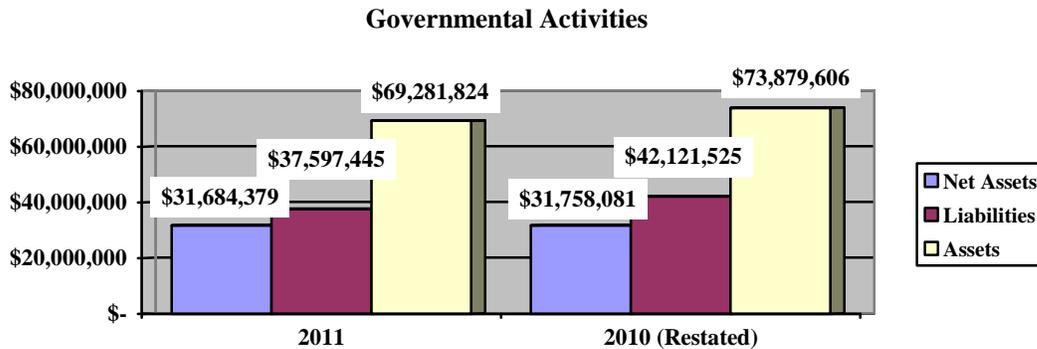
At year-end, capital assets represented 67.49% of total assets. Capital assets include land, improvements other than buildings, buildings and improvements, furniture and equipment and vehicles. Capital assets, net of related debt to acquire the assets at June 30, 2011, were \$27,526,919. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the District's net assets, \$4,366,203, represents resources that are subject to external restriction on how they may be used. The remaining balance of net assets is a deficit of \$208,743.

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

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

The graph below shows the District's assets, liabilities and net assets as of June 30, 2011 and 2010.



The table below shows the change in net assets for fiscal years 2011 and 2010. The 2010 balances of operating grants and contributions and general revenues - grants and entitlements have been restated to conform to 2011 presentation of Pathway to Student Success (PASS) funding from the State of Ohio which is reported as an operating grant rather than as general revenue.

**Change in Net Assets**

	Governmental Activities 2011	Restated Governmental Activities 2010
<b><u>Revenues</u></b>		
Program revenues:		
Charges for services and sales	\$ 1,754,103	\$ 1,675,946
Operating grants and contributions	4,266,432	3,446,361
General revenues:		
Property taxes	7,094,359	6,073,082
Income taxes	1,932,120	1,819,106
Payments in-lieu of taxes	219,498	203,391
Grants and entitlements	10,153,072	10,226,481
Investment earnings	22,910	130,903
Other	196,217	600,741
<b>Total revenues</b>	<b><u>\$25,638,711</u></b>	<b><u>\$24,176,011</u></b>

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

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

**Change in Net Assets - (Continued)**

	Governmental Activities 2011	Governmental Activities 2010
<u>Expenses</u>	<u>2011</u>	<u>2010</u>
Program expenses:		
Instruction:		
Regular	\$ 11,194,996	\$ 10,420,937
Special	2,603,976	2,553,088
Vocational	91,900	89,710
Other	744,567	719,967
Support services:		
Pupil	1,366,278	1,220,108
Instructional staff	596,472	626,662
Board of education	28,197	29,432
Administration	1,732,155	1,840,391
Fiscal	566,344	523,270
Business	8,945	8,945
Operations and maintenance	2,095,204	1,925,794
Pupil transportation	1,062,618	998,401
Central	193,738	107,143
Operation of non-instructional services:		
Other non-instructional services	34,462	53,424
Food service operations	1,256,268	1,020,020
Extracurricular activities	772,768	848,657
Interest and fiscal charges	1,363,525	1,369,524
Total expenses	<u>25,712,413</u>	<u>24,355,473</u>
Change in net assets	(73,702)	(179,462)
Net assets at beginning of year (restated)	<u>31,758,081</u>	<u>31,937,543</u>
Net assets at end of year	<u>\$ 31,684,379</u>	<u>\$ 31,758,081</u>

**Governmental Activities**

Net assets of the District's governmental activities decreased \$73,702. Total governmental expenses of \$25,712,413 were offset by program revenues of \$6,020,535 and general revenues of \$19,618,176. Program revenues supported 23.41% of the total governmental expenses.

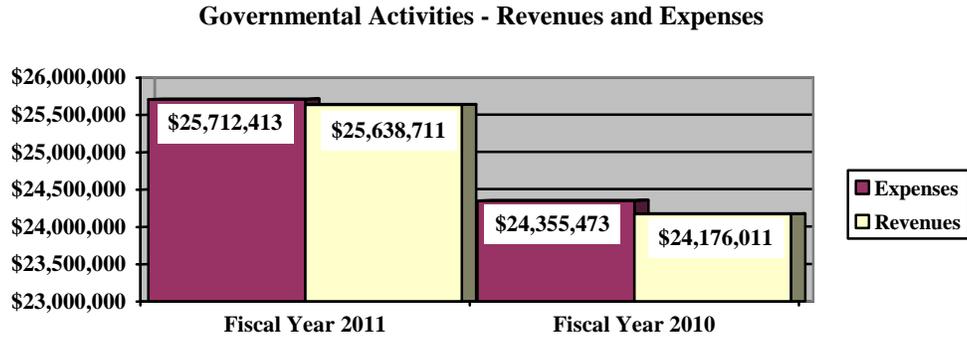
The primary sources of revenue for governmental activities are derived from property taxes, income taxes and grants and entitlements. These revenue sources represent 74.81% of total governmental revenue. In addition, other revenues decreased as judgments were received in 2010.

The largest expense of the District is for instructional programs. Instruction expenses totaled \$14,635,439 or 56.92% of total governmental expenses for fiscal year 2011.

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

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

The graph below presents the District's governmental activities revenue and expenses for fiscal year 2011 and 2010.



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. The 2010 net cost of services for special instruction has been restated to conform to 2011 presentation of PASS funding from the State of Ohio which is reported as an operating grant offsetting special instruction.

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

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

	<b>Governmental Activities</b>			
	Total Cost of Services <u>2011</u>	Net Cost of Services <u>2011</u>	Total Cost of Services <u>2010</u>	Restated Net Cost of Services <u>2010</u>
<b>Program expenses</b>				
Instruction:				
Regular	\$ 11,194,996	\$ 8,916,158	\$ 10,420,937	\$ 8,742,948
Special	2,603,976	866,521	2,553,088	930,536
Vocational	91,900	88,669	89,710	86,503
Other	744,567	706,170	719,967	691,526
Support services:				
Pupil	1,366,278	1,194,024	1,220,108	1,042,337
Instructional staff	596,472	590,806	626,662	620,102
Board of education	28,197	28,197	29,432	29,432
Administration	1,732,155	1,626,108	1,840,391	1,745,656
Fiscal	566,344	564,001	523,270	520,810
Business	8,945	8,945	8,945	8,945
Operations and maintenance	2,095,204	2,083,556	1,925,794	1,909,324
Pupil transportation	1,062,618	1,029,300	998,401	962,322
Central	193,738	91,109	107,143	20,201
Operation of non-instructional services:				
Other non-instructional services	34,462	10,893	53,424	22,167
Food service operations	1,256,268	88,292	1,020,020	35,710
Extracurricular activities	772,768	435,604	848,657	495,123
Interest and fiscal charges	<u>1,363,525</u>	<u>1,363,525</u>	<u>1,369,524</u>	<u>1,369,524</u>
Total expenses	<u>\$ 25,712,413</u>	<u>\$19,691,878</u>	<u>\$24,355,473</u>	<u>\$19,233,166</u>

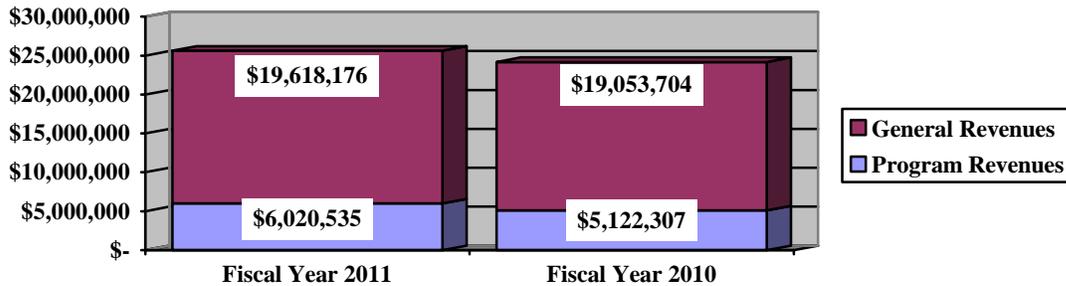
The dependence upon tax and other general revenues for governmental activities is apparent, 72.27% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 76.59%. The District's taxpayers and unrestricted grants and 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 years 2011 and 2010. The 2010 program revenues and general revenues have been restated to conform to 2011 presentation of PASS funding from the State of Ohio which is reported as program revenue rather than as general revenue.

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

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

**Governmental Activities - General and Program Revenues**



**The District's Funds**

The District's governmental funds reported a combined fund balance of \$13,235,968, which is less than last year's total of \$20,734,740. The large decrease is due to expenditures for the District's construction project. Fund balances at June 30, 2010 have been restated as described in Note 3.C. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2011 and 2010.

	Fund Balance June 30, 2011	Restated Fund Balance June 30, 2010	Increase (Decrease)
General	\$ 2,324,280	\$ 2,217,957	\$ 106,323
Classroom facilities	8,776,462	15,201,309	(6,424,847)
Other governmental	2,135,226	3,315,474	(1,180,248)
<b>Total</b>	<b>\$ 13,235,968</b>	<b>\$ 20,734,740</b>	<b>\$(7,498,772)</b>

**General Fund**

The District's general fund balance increased \$106,323. The increase in fund balance is primarily the result of increased revenues, namely taxes. Tax revenue increased 12.21% due to fluctuations in the amount of tax collected and available for advance at fiscal year-end by the Sandusky and Seneca County Auditors. These amounts are recorded as revenue and totaled \$1,589,437 and \$1,037,524 at June 30, 2011 and 2010, respectively. The amount of tax advance available at year end can vary depending upon when the County Auditors distribute the tax bills. Intergovernmental revenues fell as the District received slightly less funding from the State in fiscal year 2011. The increase in tuition revenue is due to open enrollment revenue. Other revenues were higher in 2010 due primarily to the District receiving a settlement for their cash balance held at the Sandusky County ESC. Overall, general fund expenditures remained consistent with the prior year. Debt service expenditures were for payments made on one of the District's capital lease obligations which was retired in 2010.

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

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

	2011 <u>Amount</u>	Restated 2010 <u>Amount</u>	Increase (Decrease)	Percentage <u>Change</u>
<b><u>Revenues</u></b>				
Taxes	\$ 8,320,194	\$ 7,414,832	\$ 905,362	12.21 %
Tuition	776,088	724,027	52,061	7.19 %
Earnings on investments	8,933	38,259	(29,326)	(76.65) %
Intergovernmental	10,802,601	10,912,290	(109,689)	(1.01) %
Other revenues	<u>450,031</u>	<u>638,421</u>	<u>(188,390)</u>	(29.51) %
 Total	 <u>\$ 20,357,847</u>	 <u>\$ 19,727,829</u>	 <u>\$ 630,018</u>	 3.19 %
<b><u>Expenditures</u></b>				
Instruction	\$ 11,517,174	\$ 11,695,084	(177,910)	(1.52) %
Support services	6,533,035	6,381,596	151,439	2.37 %
Extracurricular activities	437,863	428,169	9,694	2.26 %
Facilities acquisition and construction	-	2,250	(2,250)	(100.00) %
Debt service	<u>-</u>	<u>59,865</u>	<u>(59,865)</u>	(100.00) %
 Total	 <u>\$ 18,488,072</u>	 <u>\$ 18,566,964</u>	 <u>\$ (78,892)</u>	 (0.42) %

***Classroom Facilities Fund***

The classroom facilities fund, which accounts for the District's construction project, had \$1,022,864 in revenues and \$7,447,711 in expenditures. During fiscal year 2011, the classroom facilities fund's fund balance decreased \$6,424,847 from \$15,201,309 to \$8,776,462 due to expenditures of funds associated with the school buildings construction projects.

***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 2011, the District amended its general fund budget numerous times. For the general fund, final budgeted revenues and other financing sources were \$19,769,833, which was higher than the original budgeted revenues estimate of \$19,644,469. Actual revenues and other financing sources for fiscal year 2011 was \$19,769,833.

General fund original appropriations (appropriated expenditures including other financing uses) and final appropriations were \$21,168,537. The actual budget basis expenditures and other financing uses for fiscal year 2011 totaled \$20,208,440, which was \$960,097 less than the final budget appropriations due to staffing level changes and across the board reductions to in expenditures during the fiscal year.

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

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

**Capital Assets and Debt Administration**

***Capital Assets***

At the end of fiscal year 2011, the District had \$46,758,149 invested in land, improvements other than buildings, buildings and improvements, furniture and equipment and vehicles. This entire amount is reported in governmental activities. Fiscal year 2010 balances have been restated as a result of a re-appraisal by the District. The following table shows fiscal year 2011 balances compared to 2010:

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

	Governmental Activities	
	2011	Restated 2010
Land	\$ 876,301	\$ 876,301
Improvements other than buildings	2,243,181	137,533
Building and improvements	36,967,226	4,259,782
Furniture and equipment	5,790,122	812,872
Vehicles	881,319	513,710
Construction in progress	-	32,705,855
Total	\$ 46,758,149	\$ 39,306,053

The overall increase in capital assets of \$7,452,096 is due to capital outlays of \$9,498,049 exceeding depreciation expense of \$2,033,210 and disposals, net of accumulated depreciation, of \$12,743 during the fiscal year.

***Debt Administration***

At June 30, 2011, the District had \$27,245,191 in general obligation bonds and lease purchase obligations outstanding. Of this total, \$1,182,358 is due within one year and \$26,062,833 is due in greater than one year. The following table summarizes the debt outstanding.

**Outstanding Debt, at Year End**

	Governmental Activities	Governmental Activities
	2011	2010
General obligation bonds	\$ 25,080,286	\$ 25,391,689
Lease purchase obligations	2,164,905	2,214,263
Total	\$ 27,245,191	\$ 27,605,952

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

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

**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 3,000 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 completed in 2010 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 2010. The District is addressing its deficit spending by making a number of significant reductions in expenditures and is requesting additional local funding at the ballot in November 2011.

**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.

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

STATEMENT OF NET ASSETS  
JUNE 30, 2011

	<b>Governmental Activities</b>
<b>Assets:</b>	
Equity in pooled cash and cash equivalents . . .	\$ 13,344,042
Cash with escrow agent. . . . .	210,418
Receivables:	
Taxes . . . . .	7,596,506
Payments in lieu of taxes . . . . .	106,176
Accounts. . . . .	145
Judgements . . . . .	133,974
Accrued interest . . . . .	1,519
Intergovernmental . . . . .	739,540
Prepayments. . . . .	31,181
Materials and supplies inventory . . . . .	21,791
Unamortized bond issuance costs. . . . .	338,383
Capital assets:	
Land . . . . .	876,301
Depreciable capital assets, net. . . . .	45,881,848
Capital assets, net . . . . .	46,758,149
 Total assets. . . . .	 69,281,824
 <b>Liabilities:</b>	
Accounts payable. . . . .	39,440
Retainage payable . . . . .	283,974
Accrued wages and benefits . . . . .	1,680,528
Pension obligation payable. . . . .	485,597
Intergovernmental payable . . . . .	122,047
Accrued interest payable . . . . .	102,296
Unearned revenue . . . . .	4,828,273
Long-term liabilities:	
Due within one year. . . . .	1,456,058
Due in more than one year. . . . .	28,599,232
Total liabilities. . . . .	37,597,445
 <b>Net assets:</b>	
Invested in capital assets, net of related debt. . . . .	27,526,919
Restricted for:	
Capital projects . . . . .	1,216,057
Classroom facilities maintenance . . . . .	393,389
Debt service . . . . .	730,650
State funded programs. . . . .	2,238
Federally funded programs . . . . .	572,243
Student activities . . . . .	82,799
Other purposes . . . . .	1,368,827
Unrestricted (deficit) . . . . .	(208,743)
 Total net assets . . . . .	 \$ 31,684,379

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, 2011

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets
		Charges for Services and Sales	Operating Grants and Contributions	
<b>Governmental activities:</b>				
Instruction:				
Regular . . . . .	\$ 11,194,996	\$ 824,000	\$ 1,454,838	\$ (8,916,158)
Special . . . . .	2,603,976		1,737,455	(866,521)
Vocational . . . . .	91,900		3,231	(88,669)
Other . . . . .	744,567		38,397	(706,170)
Support services:				
Pupil . . . . .	1,366,278		172,254	(1,194,024)
Instructional staff . . . . .	596,472	343	5,323	(590,806)
Board of education . . . . .	28,197		-	(28,197)
Administration . . . . .	1,732,155	7,835	98,212	(1,626,108)
Fiscal . . . . .	566,344		2,343	(564,001)
Business . . . . .	8,945		-	(8,945)
Operations and maintenance . . . . .	2,095,204	520	11,128	(2,083,556)
Pupil transportation . . . . .	1,062,618		33,318	(1,029,300)
Central . . . . .	193,738		102,629	(91,109)
Operation of non-instructional services:				
Other non-instructional services . . . . .	34,462		23,569	(10,893)
Food service operations . . . . .	1,256,268	585,141	582,835	(88,292)
Extracurricular activities . . . . .	772,768	336,264	900	(435,604)
Interest and fiscal charges . . . . .	1,363,525		-	(1,363,525)
<b>Total governmental activities . . . . .</b>	<b>\$ 25,712,413</b>	<b>\$ 1,754,103</b>	<b>\$ 4,266,432</b>	<b>(19,691,878)</b>

**General revenues:**

Property taxes levied for:

General purposes . . . . .	6,452,359
Debt service . . . . .	454,891
Capital projects . . . . .	187,109
School district income tax . . . . .	1,932,120
Payments in lieu of taxes . . . . .	219,498
Grants and entitlements not restricted to specific programs . . . . .	10,153,072
Investment earnings . . . . .	22,910
Miscellaneous . . . . .	196,217

Total general revenues . . . . . 19,618,176

Change in net assets . . . . . (73,702)

**Net assets at beginning of year (restated) . . . . .** 31,758,081

**Net assets at end of year . . . . .** \$ 31,684,379

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2011

	<u>General</u>	<u>Classroom Facilities</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets:</b>				
Equity in pooled cash and cash equivalents. . . . .	\$ 2,296,309	\$ 8,850,018	\$ 2,197,715	\$ 13,344,042
Cash with escrow agent. . . . .		210,418		210,418
Receivables:				
Taxes . . . . .	6,968,155		628,351	7,596,506
Payments in lieu of taxes . . . . .	106,176			106,176
Accounts. . . . .	145			145
Judgements . . . . .			133,974	133,974
Accrued interest . . . . .	1,519			1,519
Intergovernmental . . . . .	4,687	131,332	603,521	739,540
Prepayments. . . . .	31,181			31,181
Materials and supplies inventory . . . . .	15,063		6,728	21,791
Total assets . . . . .	<u>\$ 9,423,235</u>	<u>\$ 9,191,768</u>	<u>\$ 3,570,289</u>	<u>\$ 22,185,292</u>
<b>Liabilities:</b>				
Accounts payable . . . . .	\$ 32,522		\$ 6,918	\$ 39,440
Retainage payable. . . . .		\$ 283,974		283,974
Accrued wages and benefits. . . . .	1,511,119		169,409	1,680,528
Compensated absences payable . . . . .	164,932		7,576	172,508
Pension obligation payable . . . . .	404,086		81,511	485,597
Intergovernmental payable . . . . .	114,365		7,682	122,047
Deferred revenue . . . . .	468,915	131,332	736,710	1,336,957
Unearned revenue. . . . .	4,403,016		425,257	4,828,273
Total liabilities. . . . .	<u>7,098,955</u>	<u>415,306</u>	<u>1,435,063</u>	<u>8,949,324</u>
<b>Fund balances:</b>				
Nonspendable:				
Materials and supplies inventory . . . . .	15,063		6,728	21,791
Prepays . . . . .	31,181			31,181
Restricted:				
Debt service . . . . .			785,217	785,217
Capital improvements . . . . .		8,776,462	424,471	9,200,933
Classroom facilities maintenance . . . . .			393,389	393,389
Food service operations . . . . .			432,403	432,403
Special education . . . . .			4,368	4,368
Targeted academic assistance . . . . .			2,024	2,024
Other purposes. . . . .			33,261	33,261
Extracurricular. . . . .			82,799	82,799
Assigned:				
Student instruction . . . . .	30,856			30,856
Student and staff support. . . . .	21,970			21,970
Other purposes . . . . .	13,393			13,393
Unassigned (deficit) . . . . .	2,211,817		(29,434)	2,182,383
Total fund balances . . . . .	<u>2,324,280</u>	<u>8,776,462</u>	<u>2,135,226</u>	<u>13,235,968</u>
Total liabilities and fund balances . . . . .	<u>\$ 9,423,235</u>	<u>\$ 9,191,768</u>	<u>\$ 3,570,289</u>	<u>\$ 22,185,292</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, 2011

<b>Total governmental fund balances</b>		\$	13,235,968
<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.			46,758,149
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.			
Taxes receivable	\$	509,631	
Judgements receivable		133,974	
Accrued interest receivable		486	
Intergovernmental receivable		692,866	
Total		1,336,957	1,336,957
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.			(102,296)
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		(25,080,286)	
Lease purchase obligations		(2,164,905)	
Compensated absences payable		(1,763,309)	
Total		(29,008,500)	(29,008,500)
Unamortized premiums on bonds and leases are not recognized in the funds.			(1,034,298)
Unamortized deferred amount on advance refunding is not recognized in the funds.			160,016
Unamortized issuance costs are not recognized in the funds.			338,383
<b>Net assets of governmental activities</b>		\$	31,684,379

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, 2011

	General	Classroom Facilities	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>				
From local sources:				
Taxes . . . . .	\$ 8,320,194		\$ 634,750	\$ 8,954,944
Payments in lieu of taxes. . . . .	219,498			219,498
Tuition. . . . .	776,088			776,088
Earnings on investments . . . . .	8,933	\$ 11,898	5,760	26,591
Extracurricular. . . . .	25,214		318,600	343,814
Charges for services . . . . .			585,141	585,141
Classroom materials and fees . . . . .	48,197			48,197
Other local revenues . . . . .	157,122	150	61,022	218,294
Intergovernmental - state . . . . .	10,802,601	1,010,816	395,573	12,208,990
Intergovernmental - federal . . . . .	-	-	2,719,521	2,719,521
<b>Total revenues . . . . .</b>	<b>20,357,847</b>	<b>1,022,864</b>	<b>4,720,367</b>	<b>26,101,078</b>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular. . . . .	9,089,095		918,643	10,007,738
Special . . . . .	1,639,266		866,655	2,505,921
Vocational . . . . .	85,971			85,971
Other . . . . .	702,842		36,175	739,017
Support services:				
Pupil . . . . .	1,111,201		180,914	1,292,115
Instructional staff . . . . .	542,943		5,354	548,297
Board of education . . . . .	27,605			27,605
Administration . . . . .	1,572,485		75,335	1,647,820
Fiscal . . . . .	527,075		16,382	543,457
Business. . . . .	8,543			8,543
Operations and maintenance . . . . .	1,819,270		125,123	1,944,393
Pupil transportation . . . . .	916,052		468,341	1,384,393
Central . . . . .	7,861		100,039	107,900
Operation of non-instructional services:				
Other non-instructional services . . . . .			35,929	35,929
Food service operations. . . . .			1,139,009	1,139,009
Extracurricular activities . . . . .	437,863		300,115	737,978
Facilities acquisition and construction. . . . .		7,447,711	1,671,960	9,119,671
Debt service:				
Principal retirement. . . . .			997,340	997,340
Interest and fiscal charges . . . . .			1,211,798	1,211,798
<b>Total expenditures . . . . .</b>	<b>18,488,072</b>	<b>7,447,711</b>	<b>8,149,112</b>	<b>34,084,895</b>
Excess (deficiency) of revenues over (under) expenditures . . . . .	1,869,775	(6,424,847)	(3,428,745)	(7,983,817)
<b>Other financing sources (uses):</b>				
Transfers in. . . . .			1,778,761	1,778,761
Transfers (out) . . . . .	(1,778,761)			(1,778,761)
Capital lease transaction . . . . .			467,982	467,982
Sale of capital assets . . . . .	19,634			19,634
<b>Total other financing sources (uses) . . . . .</b>	<b>(1,759,127)</b>		<b>2,246,743</b>	<b>487,616</b>
Net change in fund balances . . . . .	110,648	(6,424,847)	(1,182,002)	(7,496,201)
<b>Fund balances at beginning of year (restated).</b>	<b>2,217,957</b>	<b>15,201,309</b>	<b>3,315,474</b>	<b>20,734,740</b>
<b>Increase (decrease) in reserve for inventory. . . . .</b>	<b>(4,325)</b>		<b>1,754</b>	<b>(2,571)</b>
<b>Fund balances at end of year. . . . .</b>	<b>\$ 2,324,280</b>	<b>\$ 8,776,462</b>	<b>\$ 2,135,226</b>	<b>\$ 13,235,968</b>

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, 2011

**Net change in fund balances - total governmental funds** \$ (7,496,201)

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

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

Capital asset additions	\$ 9,498,049	
Current year depreciation	(2,033,210)	
<b>Total</b>	<b>7,464,839</b>	<b>7,464,839</b>

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. (12,743)

Governmental funds report expenditures for inventory when purchased. However, in the statement of activities, they are reported as an expense when consumed. (2,571)

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

Taxes	71,535	
Judgements	(14,899)	
Accrued interest	(1,835)	
Intergovernmental	(532,115)	
<b>Total</b>	<b>(477,314)</b>	<b>(477,314)</b>

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. 997,340

Issuances of capital leases are recorded as other financing sources in the funds; however, in the statement of activities, they are not reported as other financing sources as they increase liabilities on the statement of net assets. (467,982)

In the statement of activities, interest is accrued on outstanding bonds and leases, 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	2,330	
Accreted interest on capital appreciation bonds	(168,597)	
Amortization of issuance costs	(21,415)	
Amortization of premiums	54,967	
Amortization of deferred amount on refunding	(19,012)	
<b>Total</b>	<b>(151,727)</b>	<b>(151,727)</b>

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. 72,657

**Change in net assets of governmental activities** \$ (73,702)

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, 2011

	<u>Budgeted Amounts</u>			<b>Variance with Final Budget Positive (Negative)</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
<b>Revenues:</b>				
From local sources:				
Taxes . . . . .	\$ 7,743,317	\$ 7,792,732	\$ 7,792,732	
Payments in lieu of taxes. . . . .	218,106	219,498	219,498	
Tuition. . . . .	771,167	776,088	776,088	
Earnings on investments . . . . .	15,180	15,277	15,277	
Extracurricular. . . . .	17,552	17,664	17,664	
Classroom materials and fees . . . . .	47,586	47,890	47,890	
Other local revenues . . . . .	77,912	78,409	78,409	
Intergovernmental - state . . . . .	10,734,100	10,802,601	10,802,601	
Total revenues . . . . .	<u>19,624,920</u>	<u>19,750,159</u>	<u>19,750,159</u>	
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular . . . . .	9,799,450	9,799,450	9,018,383	781,067
Special. . . . .	1,684,418	1,684,418	1,685,896	(1,478)
Vocational. . . . .	94,989	94,989	86,049	8,940
Other. . . . .	688,000	688,000	698,798	(10,798)
Support services:				
Pupil. . . . .	1,041,659	1,041,659	1,109,888	(68,229)
Instructional staff . . . . .	605,891	605,891	546,478	59,413
Board of education . . . . .	32,407	32,407	27,561	4,846
Administration. . . . .	1,560,340	1,560,340	1,493,272	67,068
Fiscal . . . . .	555,106	555,106	528,232	26,874
Business . . . . .	9,495	9,495	8,557	938
Operations and maintenance. . . . .	1,784,694	1,784,694	1,833,856	(49,162)
Pupil transportation . . . . .	1,005,193	1,005,193	950,017	55,176
Central. . . . .	46,213	46,213	7,426	38,787
Extracurricular activities. . . . .	454,906	454,906	435,266	19,640
Total expenditures . . . . .	<u>19,362,761</u>	<u>19,362,761</u>	<u>18,429,679</u>	<u>933,082</u>
Excess of revenues over expenditures . . . . .	<u>262,159</u>	<u>387,398</u>	<u>1,320,480</u>	<u>933,082</u>
<b>Other financing sources (uses):</b>				
Refund of prior year's expenditures . . . . .	40	40	40	
Transfers (out). . . . .	(1,775,776)	(1,775,776)	(1,778,761)	(2,985)
Advances (out) . . . . .	(30,000)	(30,000)		30,000
Sale of capital assets. . . . .	19,509	19,634	19,634	
Total other financing sources (uses) . . . . .	<u>(1,786,227)</u>	<u>(1,786,102)</u>	<u>(1,759,087)</u>	<u>27,015</u>
Net change in fund balance . . . . .	(1,524,068)	(1,398,704)	(438,607)	960,097
<b>Fund balance at beginning of year . . . . .</b>	<b>2,477,181</b>	<b>2,477,181</b>	<b>2,477,181</b>	
<b>Prior year encumbrances appropriated . . . . .</b>	<b>132,795</b>	<b>132,795</b>	<b>132,795</b>	
<b>Fund balance at end of year . . . . .</b>	<b><u>\$ 1,085,908</u></b>	<b><u>\$ 1,211,272</u></b>	<b><u>\$ 2,171,369</u></b>	<b><u>\$ 960,097</u></b>

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, 2011

	<u>Private Purpose Trust</u>	
	<u>Scholarship</u>	<u>Agency</u>
<b>Assets:</b>		
Equity in pooled cash and cash equivalents . . . . .	\$ 5,229	\$ 82,509
Total assets. . . . .	<u>5,229</u>	<u>\$ 82,509</u>
<b>Liabilities:</b>		
Accounts payable. . . . .		\$ 2,299
Due to students. . . . .		<u>80,210</u>
Total liabilities . . . . .		<u>\$ 82,509</u>
<b>Net assets:</b>		
Held in trust for scholarships . . . . .	<u>5,229</u>	
Total net assets . . . . .	<u>\$ 5,229</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, 2011

	<b>Private Purpose Trust</b>
	<b>Scholarship</b>
<b>Additions:</b>	
Interest. . . . .	\$ 201
Total additions. . . . .	201
 <b>Deductions:</b>	
Scholarships awarded . . . . .	200
Change in net assets . . . . .	1
 <b>Net assets at beginning of year . . . . .</b>	<b>5,228</b>
 <b>Net assets at end of year . . . . .</b>	<b>\$ 5,229</b>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

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

**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 two elementary schools, one middle school and one comprehensive high school. The District employs 119 non-certified and 152 certified (including administrative) full-time and part-time employees to provide services to approximately 2,260 students in grades K through 12 and various community groups, which ranks it 214<sup>th</sup> out of 918 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, 2011  
(Continued)**

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

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's Governing Board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; 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 several 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 \$66,686 to NOECA in fiscal year 2011 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, 2011  
(Continued)**

**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 \$112,846 to the Bay Area Council during fiscal year 2011 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 POOL*

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.

**B. Fund Accounting**

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

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

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

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

*GOVERNMENTAL FUNDS*

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

General fund -The general fund is used to account for and report all financial resources not accounted for and reported in another fund. The general fund balance is available for any purpose provided it is expended or transferred according to the general laws of Ohio.

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

*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.

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

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

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

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

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

The government-wide statement of activities presents a comparison between direct expenses and program revenues for each function or program of the governmental activities of the District. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include amounts paid by the recipient of goods or services offered by the program and grants and contributions that are restricted to meeting the operational 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.

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.

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

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

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

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, 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, 2011, but which were levied to finance fiscal year 2012 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, 2011 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, 2011  
(Continued)**

**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 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, 2011  
(Continued)**

**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 2011, investments were limited to U.S. savings bonds, federal agency securities, 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, 2011  
(Continued)**

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

The District has invested funds in STAR Ohio during fiscal year 2011. 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, 2011.

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 2011 amounted to \$8,933, which includes \$921 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.

**G. Inventory**

On government-wide financial statements, inventories are presented at the lower of cost or market and are expensed when used. On fund financial statements inventories are valued at cost. 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 nonspendable fund balance 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, 2011  
(Continued)**

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

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

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>
Improvements other than buildings	15 - 40 years
Buildings and improvements	5 - 40 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, 2011.

**J. Compensated Absences**

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

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

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

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

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

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

**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.

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, contractually required pension obligations, capital leases and lease purchase agreements are recognized as a liability on the fund financial statements when due.

**M. Fund Balance**

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

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

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

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

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

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

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

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

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

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

**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. The District had no net assets restricted by enabling legislation.

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

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

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

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

**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. 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.

**R. Nonpublic Schools**

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

**S. Other Local Revenue**

The District has reported rental receipts, 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.

**T. Extraordinary and Special Items**

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

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

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

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Prior Period Adjustment**

Beginning net assets of the governmental activities have been restated in order to account for a reappraisal of capital assets and a correction of previous misstatement. See Note 10 for detail. The adjustment had the following effect on net assets of the governmental activities at June 30, 2010:

	<u>Governmental Activities</u>
Net assets at June 30, 2010	\$ 44,193,784
Adjustment for capital assets	<u>(12,435,703)</u>
Restated net assets at July 1, 2010	<u>\$ 31,758,081</u>

**B. Change in Accounting Principles**

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

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

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

**C. Fund Reclassifications**

Fund reclassifications are required in order to report funds in accordance with GASB Statement No 54. These fund reclassifications had the following effect on the District's governmental fund balances as previously reported:

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

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

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

	General	Classroom Facilities	Nonmajor Governmental	Total Governmental
Fund balance as previously reported	\$ 2,183,953	\$ 15,201,309	\$ 3,349,478	\$ 20,734,740
Fund reclassifications:				
Public school support fund	19,839		(19,839)	
Special trust fund	14,165		(14,165)	
Total fund reclassifications	34,004		(34,004)	
Restated fund balance at July 1, 2010	\$ 2,217,957	\$ 15,201,309	\$ 3,315,474	\$ 20,734,740

The fund reclassifications did not have an effect on net assets as previously reported.

**D. Deficit Fund Balances**

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

Nonmajor funds	Deficit
Auxiliary services	\$ 9,129
Management information systems	33
Alternative schools	90
Title I	20,182

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 resulted 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.

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

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

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

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;
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.

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

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

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

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 \$152 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, \$210,418 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."

**C. Deposits with Financial Institutions**

At June 30, 2011, the carrying amount of all District deposits was \$1,698,714. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2011, \$502,174 of the District's bank balance of \$2,174,820 was covered by the Federal Deposit Insurance Corporation, and \$1,672,646 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.

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

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

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

**C. Investments**

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

<u>Investment type</u>	<u>Fair Value</u>	<u>Investment Maturities</u>		
		<u>6 months or less</u>	<u>19 to 24 months</u>	<u>Greater than 24 months</u>
FHLB	\$ 500,420			\$ 500,420
FHLMC	200,058		\$ 200,058	
U.S. Government money market mutual funds	269,006	\$ 269,006		
U.S. Savings bonds	5,000	5,000		
STAR Ohio	10,758,430	10,758,430		
Total	<u>\$ 11,732,914</u>	<u>\$ 11,032,436</u>	<u>\$ 200,058</u>	<u>\$ 500,420</u>

The weighted average maturity of investments is 0.17 years.

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

*Credit Risk:* 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 rating service. The District's investments in federal agency securities 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.

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

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

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

*Concentration of Credit Risk:* The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2011:

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
FHLB	\$ 500,420	4.27
FHLMC	200,058	1.71
U.S. Government money market mutual funds	269,006	2.29
U.S. Savings bonds	5,000	0.04
STAR Ohio	<u>10,758,430</u>	<u>91.69</u>
Total	<u>\$ 11,732,914</u>	<u>100.00</u>

**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, 2011:

<u>Cash and investments per note</u>	
Carrying amount of deposits	\$ 1,698,714
Investments	11,732,914
Cash on hand	152
Cash with escrow agent	<u>210,418</u>
Total	<u>\$ 13,642,198</u>
 <u>Cash and investments per statement of net assets</u>	
Governmental activities	\$ 13,554,460
Private-purpose trust fund	5,229
Agency funds	<u>82,509</u>
Total	<u>\$ 13,642,198</u>

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

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

**NOTE 5 - INTERFUND TRANSACTIONS**

Interfund transfers for the year ended June 30, 2011 consisted of the following as reported on the fund financial statements:

<u>Transfers from general fund to:</u>	<u>Amount</u>
Nonmajor governmental funds	\$ 1,778,761

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.

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

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

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

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

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

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, 2011, are available to finance fiscal year 2011 operations. The amount available as an advance at June 30, 2011 was \$1,589,437 in the general fund, \$111,588 in the bond retirement debt service fund (a nonmajor governmental fund) and \$45,617 in the permanent improvement fund (a nonmajor governmental fund). This amount is recorded as revenue. The amount available for 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 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 delinquent tangible personal property taxes which are measurable as of June 30, 2011 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.

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

	2010 Second Half Collections		2011 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 209,439,240	97.67	\$ 215,086,460	97.58
Public utility personal	<u>5,001,240</u>	<u>2.33</u>	<u>5,333,080</u>	<u>2.42</u>
Total	<u>\$ 214,440,480</u>	<u>100.00</u>	<u>\$ 220,419,540</u>	<u>100.00</u>

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

Operations	\$47.95	\$47.95
Permanent improvements	1.50	1.50
Debt service	2.10	2.10

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

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

**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, 2011 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	\$ 7,596,506
Payments in lieu of taxes	106,176
Accounts	145
Judgments	133,974
Accrued interest	1,519
Intergovernmental	<u>739,540</u>
Total	<u>\$ 8,577,860</u>

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

**NOTE 9 - CAPITALIZED LEASES - LESSEE DISCLOSURE**

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. In fiscal year 2011, the District entered into another lease-purchase agreement for six additional school buses. The source of revenue to fund the principal and interest payments for these leases is general operating revenue 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, 2011  
(Continued)**

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

Capital assets consisting of land, buildings and improvements and vehicles have been capitalized in the amount of \$452,341, \$1,505,295 and \$926,875, respectively. Accumulated depreciation on the building improvements as of June 30, 2011 was \$37,632, leaving a current book value of \$1,467,663. Accumulated depreciation on the vehicles as of June 30, 2011 was \$134,126, leaving a current book value of \$792,749. Lease-purchase proceeds in the amount of \$258,218 have not been spent as of June 30, 2011. Principal and interest payments of \$517,340 and \$102,668, respectively, were paid from the bond retirement fund and the permanent improvement fund (both nonmajor governmental funds).

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, 2011:

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2012	\$ 785,734
2013	591,007
2014	613,103
2015	<u>374,781</u>
Total minimum lease payments	2,364,625
Less: amount representing interest	<u>(199,720)</u>
Total	<u>\$ 2,164,905</u>

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

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

**NOTE 10 - CAPITAL ASSETS**

The District conducted a re-appraisal of their capital assets during fiscal year 2011 which resulted in a restatement of capital assets. The restatement decreased net capital assets by \$12,435,703 as detailed on the following table:

	<u>Balance</u> <u>6/30/10</u>	<u>Adjustments</u>	<u>Restated</u> <u>Balance</u> <u>6/30/10</u>
<b>Governmental activities:</b>			
Capital assets, not being depreciated:			
Land	\$ 876,301		\$ 876,301
Construction in progress	<u>40,886,302</u>	<u>\$ (8,180,447)</u>	<u>32,705,855</u>
Total capital assets, not being depreciated	<u>41,762,603</u>	<u>(8,180,447)</u>	<u>33,582,156</u>
Capital assets, being depreciated:			
Improvements other than buildings	1,140,033	93,391	1,233,424
Building and improvements	24,573,089	39,574,101	64,147,190
Furniture and equipment	2,711,797	564,258	3,276,055
Vehicles	<u>1,364,686</u>	<u>(14,016)</u>	<u>1,350,670</u>
Total capital assets, being depreciated	<u>29,789,605</u>	<u>40,217,734</u>	<u>70,007,339</u>
Less: accumulated depreciation			
Improvements other than buildings	(682,662)	(413,229)	(1,095,891)
Building and improvements	(16,569,838)	(43,317,570)	(59,887,408)
Furniture and equipment	(1,600,904)	(862,279)	(2,463,183)
Vehicles	<u>(957,048)</u>	<u>120,088</u>	<u>(836,960)</u>
Total accumulated depreciation	<u>(19,810,452)</u>	<u>(44,472,990)</u>	<u>(64,283,442)</u>
Governmental activities capital assets, net	<u>\$ 51,741,756</u>	<u>\$ (12,435,703)</u>	<u>\$ 39,306,053</u>

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

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

**NOTE 10 - CAPITAL ASSETS - (Continued)**

Capital asset activity for the fiscal year ended June 30, 2011, was as follows:

	Restated Balance <u>6/30/10</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>06/30/11</u>
<b>Governmental activities:</b>				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 876,301			\$ 876,301
Construction in progress	32,705,855	\$ 8,961,701	\$ (41,667,556)	
Total capital assets, not being depreciated	<u>33,582,156</u>	<u>8,961,701</u>	<u>(41,667,556)</u>	<u>876,301</u>
<i>Capital assets, being depreciated:</i>				
Improvements other than buildings	1,233,424	2,264,535		3,497,959
Buildings and improvements	64,147,190	33,726,623	(26,855,960)	71,017,853
Furniture and equipment	3,276,055	5,744,764		9,020,819
Vehicles	1,350,670	467,982	(235,527)	1,583,125
Total capital assets, being depreciated	<u>70,007,339</u>	<u>42,203,904</u>	<u>(27,091,487)</u>	<u>85,119,756</u>
<i>Less: accumulated depreciation</i>				
Improvements other than buildings	(1,095,891)	(158,887)		(1,254,778)
Buildings and improvements	(59,887,408)	(1,006,436)	26,843,217	(34,050,627)
Furniture and equipment	(2,463,183)	(767,514)		(3,230,697)
Vehicles	(836,960)	(100,373)	235,527	(701,806)
Total accumulated depreciation	<u>(64,283,442)</u>	<u>(2,033,210)</u>	<u>27,078,744</u>	<u>(39,237,908)</u>
Governmental activities capital assets, net	<u>\$ 39,306,053</u>	<u>\$ 49,132,395</u>	<u>\$ (41,680,299)</u>	<u>\$ 46,758,149</u>

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

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

**NOTE 10 - CAPITAL ASSETS - (Continued)**

Depreciation expense was charged to governmental functions as follows:

Instruction:

Regular	\$1,205,732
Special	120,613
Vocational	5,929
Other	2,408

Support services:

Pupil	68,861
Instructional staff	44,994
Board of education	592
Administration	106,599
Fiscal	20,305
Business	402
Operations and maintenance	63,291
Pupil transportation	148,787
Central	85,838
Non-instructional services	714
Extracurricular activities	33,780
Food service operations	<u>124,365</u>
Total depreciation expense	<u>\$2,033,210</u>

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

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

**NOTE 11 - LONG-TERM OBLIGATIONS**

A. During the fiscal year 2011, the following changes occurred in governmental activities long-term obligations:

	Balance <u>6/30/10</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>6/30/11</u>	Amounts Due in <u>One Year</u>
<b>Governmental activities:</b>					
<i>General obligation bonds:</i>					
<u>Refunding bonds - series 2004</u>					
Current interest bonds	\$ 3,415,000		\$ (280,000)	\$ 3,135,000	\$ 290,000
Capital appreciation bonds	230,397			230,397	
Accreted interest	346,736	\$ 83,586		430,322	
<u>Construction bonds - series 2008</u>					
Current interest bonds	21,055,000		(200,000)	20,855,000	200,000
Capital appreciation bonds	219,988			219,988	
Accreted interest	124,568	85,011		209,579	
Total general obligation bonds	<u>25,391,689</u>	<u>168,597</u>	<u>(480,000)</u>	<u>25,080,286</u>	<u>490,000</u>
<i>Other long-term obligations:</i>					
Lease-purchase obligations	2,214,263	467,982	(517,340)	2,164,905	692,358
Compensated absences	1,924,677	219,261	(208,121)	1,935,817	273,700
Total other long-term obligations	<u>4,138,940</u>	<u>687,243</u>	<u>(725,461)</u>	<u>4,100,722</u>	<u>966,058</u>
Total governmental activities	<u>\$ 29,530,629</u>	<u>\$ 855,840</u>	<u>\$ (1,205,461)</u>	29,181,008	<u>\$ 1,456,058</u>
Add: unamortized premium on bonds and lease-purchase				1,034,298	
Less: unamortized deferred amount on refunding				<u>(160,016)</u>	
Total long-term obligations				<u>\$ 30,055,290</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 \$430,322 in interest has been accreted on the capital appreciation bonds as of June 30, 2011.

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

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

**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 balance of \$972,375 in the general fund has been established, as required by the debt covenant, 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.

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 \$209,579 in interest has been accreted on the capital appreciation bonds as of June 30, 2011.

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, 2011, proceeds of \$7,990,124 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 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, 2011  
(Continued)**

**NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)**

B. Principal and interest requirements to retire the long-term obligations outstanding at June 30, 2011, are as follows:

Year Ended	Current Interest Bonds, Series 2004			Capital Appreciation Bonds, Series 2004		
	Principal	Interest	Total	Principal	Interest	Total
2012	\$ 290,000	\$ 136,260	\$ 426,260			
2013	300,000	125,197	425,197			
2014	310,000	113,605	423,605			
2015		107,638	107,638	\$ 69,510	\$ 250,490	\$ 320,000
2016		107,638	107,638	60,714	259,286	320,000
2017 - 2021	735,000	480,225	1,215,225	100,173	544,827	645,000
2022 - 2026	525,000	316,725	841,725			
2027 - 2031	660,000	168,612	828,612			
2032 - 2033	315,000	16,272	331,272			
<b>Total</b>	<b>\$ 3,135,000</b>	<b>\$ 1,572,172</b>	<b>\$ 4,707,172</b>	<b>\$ 230,397</b>	<b>\$ 1,054,603</b>	<b>\$ 1,285,000</b>

Year Ended	Current Interest Bonds, Series 2008			Capital Appreciation Bonds, Series 2008		
	Principal	Interest	Total	Principal	Interest	Total
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	750,000	910,563	1,660,563			
2017 - 2021	2,665,000	4,293,312	6,958,312	\$ 219,988	\$ 1,385,012	\$ 1,605,000
2022 - 2026	5,780,000	3,150,032	8,930,032			
2027 - 2031	7,785,000	1,563,000	9,348,000			
2032	2,810,000	63,225	2,873,225			
<b>Total</b>	<b>\$ 20,855,000</b>	<b>\$ 13,762,094</b>	<b>\$ 34,617,094</b>	<b>\$ 219,988</b>	<b>\$ 1,385,012</b>	<b>\$ 1,605,000</b>

**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, 2011, are a voted debt margin of \$17,257,579 (including available funds of \$785,217) and an unvoted debt margin of \$220,420.

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

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

**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.

**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.

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

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

**NOTE 14 - PENSION PLANS**

**A. School Employees Retirement System**

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

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2011, 11.77 percent and 0.04 percent of annual covered salary was the portion used to fund pension obligations and death benefits, respectively. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The District's required contributions for pension obligations and death benefits to SERS for the fiscal years ended June 30, 2011, 2010 and 2009 were \$321,530, \$347,983 and \$244,518, respectively; 53.41 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

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

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

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

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

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

**NOTE 14 - PENSION PLANS - (Continued)**

lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

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

The District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2011, 2010 and 2009 were \$1,262,824, \$1,287,271 and \$1,240,787, respectively; 82.59 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009. Contributions to the DC and Combined Plans for fiscal year 2011 were \$1,134 made by the District and \$810 made by the plan members.

**C. Social Security System**

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

**NOTE 15 - POSTEMPLOYMENT BENEFITS**

**A. School Employees Retirement System**

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

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

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

**NOTE 15 - POSTEMPLOYMENT BENEFITS - (Continued)**

provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746. It is also posted on the SERS' Ohio website, [www.ohsers.org](http://www.ohsers.org), under "Media/Financial Reports".

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2011, 1.43 percent of covered payroll was allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the statewide SERS-covered payroll for the health care surcharge. For fiscal year 2011, the actuarially determined amount was \$35,800.

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

The District's contributions for health care (including surcharge) for the fiscal years ended June 30, 2011, 2010 and 2009 were \$79,656, \$52,546 and \$163,620, respectively; 53.41 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For fiscal year 2011, this actuarially required allocation was 0.76 percent of covered payroll. The District's contributions for Medicare Part B for the fiscal years ended June 30, 2011, 2010, and 2009 were \$20,691, \$20,694 and \$20,175, respectively; 53.41 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

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

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

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

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

**NOTE 15 - POSTEMPLOYMENT BENEFITS - (Continued)**

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2011, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The District's contributions for health care for the fiscal years ended June 30, 2011, 2010 and 2009 were \$97,140, \$99,021 and \$95,445, respectively; 82.59 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009.

**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:

- (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 assigned or committed fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis); and,
- (d) Some funds are included in the general fund (GAAP basis), but have separate legally adopted budgets (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:

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

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

**NOTE 16 - BUDGETARY BASIS OF ACCOUNTING (Continued)**

**Net Change in Fund Balance**

	<u>General fund</u>
Budget basis	\$ (438,607)
Net adjustment for revenue accruals	521,091
Net adjustment for expenditure accruals	(61,633)
Net adjustment for other sources/uses	(40)
Funds budgeted elsewhere	1,359
Adjustment for encumbrances	88,478
GAAP basis	<u>\$ 110,648</u>

Certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes the special rotary fund and the public school support fund.

**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.

**NOTE 18 - SET-ASIDES**

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

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

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

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

**NOTE 18 - SET-ASIDES (Continued)**

	<u>Textbooks</u>	<u>Capital Improvements</u>
Set-aside balance June 30, 2010		
Current year set-aside requirement	\$ 333,752	\$ 333,752
Current year qualifying expenditures	(415,216)	(532,440)
Excess qualified expenditures from prior years	(1,196,425)	
Total	<u>\$ (1,277,889)</u>	<u>\$ (198,688)</u>
Balance carried forward to fiscal year 2012	<u>                    </u>	<u>                    </u>
Set-aside balance June 30, 2011	<u>                    </u>	<u>                    </u>

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

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

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

**NOTE 19 - CONTRACTUAL COMMITMENTS**

The District has the following contracts outstanding at June 30, 2011:

<u>Contractor</u>	<u>Contract Amount</u>	<u>Expended</u>	<u>Balance 6/30/11</u>
Abdoo Wrecking, LLC	\$ 134,750	\$ (66,160)	\$ 68,590
Adena Corporation	7,385,659	(7,374,654)	11,005
Brint Electric, Inc.	1,815,943	(1,805,545)	10,398
Clouse Electric, LTD	1,384,596	(1,361,949)	22,647
Clouse Construction	4,011,559	(4,006,551)	5,008
Legacy Flooring	155,285	(148,865)	6,420
Mosser Construction, Inc.	5,515,742	(5,511,353)	4,389
NeTech Corporation	802,053	(799,707)	2,346
Southeast Security	375,835	(313,989)	61,846
Stark's, Inc.	506,703	(411,721)	94,982
Wadsworth & Associates	789,762	(712,769)	76,993
Warner Mechanical Corporation	753,808	(732,027)	21,781
Westfield Electric, Inc.	901,170	(883,570)	17,600
Zenith Systems	463,742	(442,575)	21,167
	<u>                  </u>	<u>                  </u>	<u>                  </u>
Total	<u>\$ 24,996,607</u>	<u>\$ (24,571,435)</u>	<u>\$ 425,172</u>

These contractual commitments relate to the OSFC project undertaken by the District. In addition to the amounts paid above, the District has recorded retainage payable in the amount of \$283,974 for costs incurred prior to fiscal year end on the OSFC project. Costs incurred by fiscal year end (including retainage payable) have been recorded in the District's capital assets.

**NOTE 20 - OTHER COMMITMENTS**

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

<u>Fund</u>	<u>Year-End Encumbrances</u>
General fund	\$ 34,262
Classroom facilities	536,648
Other governmental	<u>75,015</u>
	<u>                  </u>
Total	<u>\$ 645,925</u>

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

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Pass-through Number	Federal CFDA Number	Receipts	Disbursements
<b>UNITED STATES DEPARTMENT OF AGRICULTURE</b>				
<i>Passed Through Ohio Department of Education</i>				
<u>Nutrition Cluster:</u>				
National School Lunch Program:				
Non Cash Assistance (Food Distribution)		10.555	\$ 155,429	\$ 155,429
Cash Assistance		10.555	429,639	429,639
Total National School Lunch Program			<u>585,068</u>	<u>585,068</u>
School Breakfast Program		10.553	78,696	78,696
Total US Department of Agriculture			<u>663,764</u>	<u>663,764</u>
<b>UNITED STATES DEPARTMENT OF EDUCATION</b>				
<i>Passed Through Ohio Department of Education</i>				
<u>Special Education Cluster:</u>				
Special Education Grants to States		84.027	471,397	471,397
Special Education Preschool Grants		84.173	11,819	11,819
ARRA - Special Education Grants to States	932N	84.391	293,898	293,898
ARRA - Special Preschool Grants	932N	84.392	8,741	8,741
Total Special Education Cluster			<u>785,855</u>	<u>785,855</u>
<u>Title I Cluster:</u>				
Title I Grants To Local Educational Agencies		84.010	268,938	268,938
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	932N	84.389	60,487	60,487
Total Title I Cluster			<u>329,425</u>	<u>329,425</u>
ARRA - State Fiscal Stabilization Fund - Education State Fund	932N	84.394	764,437	756,532
Twenty-First Century Community Learning Centers		84.287	93,750	104,445
Safe and Drug Free-Schools and Communities State Grants		84.186		1,158
Educational Technology State Grants		84.318	871	871
ARRA- Race to the Top		84.395	34,332	22,788
Improving Teacher Quality State Grants		84.367	89,715	90,205
Total US Department of Education			<u>2,098,385</u>	<u>2,091,279</u>
<b>Total Federal Assistance</b>			<u><b>\$ 2,762,149</b></u>	<u><b>\$ 2,755,043</b></u>

*The accompanying notes are an integral part of this schedule.*

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

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Federal Awards Receipts and Expenditures (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 fair value. The District allocated donated food commodities to the 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, Ohio (the District), as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 14, 2012, wherein we noted the District adopted Government Accounting Standards Board Statement 54. 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*.

One Government Center, Suite 1420, Toledo, Ohio 43604-2246  
Phone: 419-245-2811 or 800-443-9276 Fax: 419-245-2484

[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

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

We intend this report solely for the information and use of management, the 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.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State

March 14, 2012



# 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 Clyde-Green Springs Exempted Village School District, Sandusky County, Ohio (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, 2011. The summary of auditor's results section of the accompanying schedule of findings 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 opine on the District's compliance based on our audit.

Our compliance audit followed 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*. These 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 these 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 these 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, 2011. However, the results of our auditing procedures disclosed an instance of noncompliance with these requirements that, while not affecting our opinion on compliance, OMB Circular A-133 requires us to report. The accompanying schedule of findings lists this instance as Finding 2011-001.

### 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 the requirements that could directly and materially affect a major federal program, to determine our auditing procedures for the purpose of expressing our opinion on compliance, and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 was not designed to 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. However, we identified a deficiency in internal control over compliance that we consider to be a significant deficiency, described in the accompanying schedule of findings as item 2011-001. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a federal program compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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



**Dave Yost**  
Auditor of State

March 14, 2012

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

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

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

<i>(d)(1)(i)</i>	<b>Type of Financial Statement Opinion</b>	Unqualified
<i>(d)(1)(ii)</i>	<b>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(ii)</i>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(iii)</i>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(iv)</i>	<b>Were there any material internal control weaknesses reported for major federal programs?</b>	No
<i>(d)(1)(iv)</i>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	Yes
<i>(d)(1)(v)</i>	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified
<i>(d)(1)(vi)</i>	<b>Are there any reportable findings under § .510(a)?</b>	Yes
<i>(d)(1)(vii)</i>	<b>Major Programs (list):</b>	Special Education Cluster - CFDA # 84.027, 84.391, 84.173, and 84.392; State Fiscal Stabilization Fund - CFDA # 84.394
<i>(d)(1)(viii)</i>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	<b>Low Risk Auditee?</b>	Yes

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

None.

<b>3. FINDINGS FOR FEDERAL AWARDS</b>
---------------------------------------

<b>Finding Number</b>	2011-001
<b>CFDA Title and Number</b>	State Fiscal Stabilization Fund CFDA 84.394
<b>Federal Award Number / Year</b>	2011
<b>Federal Agency</b>	United States Department of Education
<b>Pass-Through Agency</b>	Ohio Department of Education

**Cash Management – Noncompliance Citation/Significant Deficiency**

**34 CFR 80.20(b)(7)** states, in part, when advances are made by letter-of-credit or electronic transfer of funds methods, the grantee must make drawdowns as close as possible to the time of making disbursements. State Fiscal Stabilization Fund (SFSF) funds are received in advance by the District through the foundation program as indicated in the Ohio Department of Education (ODE) Pathway to Student Success (PASS) form.

Our review of District SFSF expenditures revealed twenty-two of the twenty-four SFSF payments received during fiscal year 2011 were not expended in a timely manner (i.e., 30 days). The number days between the receipt of the SFSF payment and when the funds were expended ranged between thirty-five and eighty-four days.

The District should implement an internal control system designed to ensure advance SFSF payments are spent timely.

**Officials' Response:**

We did not receive a response from Officials' to this finding.

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

**CORRECTIVE ACTION PLAN  
OMB CIRCULAR A -133 § .315 (c)  
JUNE 30, 2011**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2011-001	The District will implement controls to ensure SFSSF funds are spent timely.	March 30, 2012	Joyce Dupont, Treasurer

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURE

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

To the Board of Education:

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

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

We noted the District amended its anti-harassment policy at its meeting on May, 24, 2010 to include violence within a dating relationship within its definition of harassment, intimidation or bullying.

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

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

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

**Dave Yost**  
Auditor of State

March 14, 2012

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# 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  
MARCH 29, 2012**