

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

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2008



Mary Taylor, CPA
Auditor of State

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

TABLE OF CONTENTS

TITLE	PAGE
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) Comparison - 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	24
Federal Awards Receipt and Expenditure Schedule	58
Notes to the Federal Awards Receipt and Expenditure Schedule.....	59
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	61
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>	63
Schedule of Findings.....	65

This page intentionally left blank.



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

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, 2008, 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, 2008, and the respective changes in financial position thereof and the budgetary comparison for the General fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 13, 2009, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

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



Mary Taylor, CPA
Auditor of State

March 13, 2009

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
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, 2008. 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 2008 are as follows:

- In total, net assets of governmental activities increased \$298,202 which represents a 4.05% increase from 2007.
- General revenues accounted for \$18,627,103 in revenue or 82.21% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$4,029,693 or 17.79% of total revenues of \$22,656,796.
- The District had \$22,358,594 in expenses related to governmental activities; only \$4,029,693 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 \$18,627,103 were 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 \$20,004,626 in revenues and other financing sources and \$18,341,924 in expenditures. During fiscal 2008, the general fund's fund balance increased \$1,659,314 from \$1,072,923 to \$2,732,237.
- The classroom facilities fund was created during fiscal year 2008 in order to account for the financial resources to be used in the acquisition and construction of the District's new school buildings. During fiscal year 2008, the classroom facilities fund had \$19,175,715 in revenues and other financing sources and no expenditures, resulting in a fund balance of \$19,175,715.

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**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
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 2008?" The statement of net assets and the statement of activities answer this question. These statements include all assets, liabilities, revenues and expenses using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting will take into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the statement of net assets and the statement of activities, the governmental activities include the District's programs and services, including instruction, support services, operation and maintenance, pupil transportation, extracurricular activities, 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 fund is the general fund.

Governmental Funds

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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
UNAUDITED
(Continued)**

Reporting the District's Fiduciary Responsibilities

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

Notes to the Basic Financial Statements

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

The District as a Whole

The statement of net assets provides the perspective of the District as a whole.

The table below provides a summary of the District's net assets for 2008 and 2007.

Net Assets		
	Governmental Activities 2008	Governmental Activities 2007
<u>Assets</u>		
Current and other assets	\$ 33,365,803	\$ 10,823,984
Capital assets, net	<u>10,782,850</u>	<u>11,547,190</u>
Total assets	<u>44,148,653</u>	<u>22,371,174</u>
<u>Liabilities</u>		
Current liabilities	7,892,456	8,378,485
Long-term liabilities	<u>28,599,827</u>	<u>6,634,521</u>
Total liabilities	<u>36,492,283</u>	<u>15,013,006</u>
<u>Net assets</u>		
Invested in capital assets, net of related debt	5,889,165	7,268,475
Restricted	2,207,033	615,238
Unrestricted (deficit)	<u>(439,828)</u>	<u>(525,545)</u>
Total net assets	<u>\$ 7,656,370</u>	<u>\$ 7,358,168</u>

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
UNAUDITED
(Continued)**

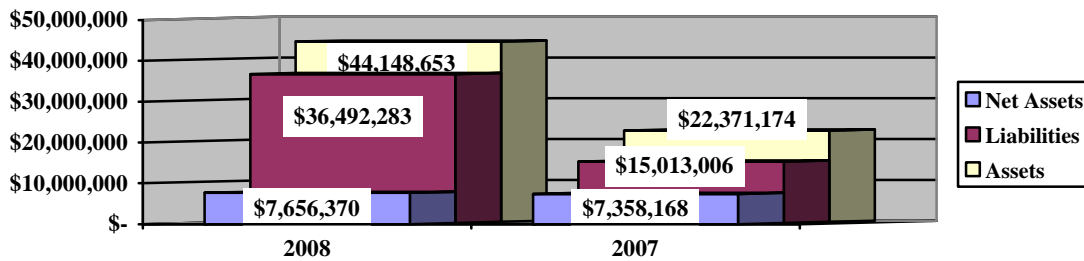
Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2008, the District's assets exceeded liabilities by \$7,656,370. Of this total, \$2,207,033 is restricted in use.

At year-end, capital assets represented 24.42% 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, 2008, were \$5,889,165. 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, \$2,207,033, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets is a deficit of \$439,828.

The graph below shows the District's assets, liabilities and net assets as of June 30, 2008 and 2007.

Governmental Activities



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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
UNAUDITED
(Continued)**

The table below shows the change in net assets for fiscal years 2008 and 2007.

Change in Net Assets

	Governmental Activities <u>2008</u>	Governmental Activities <u>2007</u>
<u>Revenues</u>		
Program revenues:		
Charges for services and sales	\$ 1,488,652	\$ 1,515,654
Operating grants and contributions	2,473,278	2,435,766
Capital grants and contributions	67,763	89,261
General revenues:		
Property taxes	7,657,710	6,928,325
Payments in-lieu of taxes	334,713	349,581
Grants and entitlements	10,274,209	9,809,309
Investment earnings	203,982	181,554
Other	<u>156,489</u>	<u>114,174</u>
Total revenues	<u>\$ 22,656,796</u>	<u>\$ 21,423,624</u>

(Continued)

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
UNAUDITED
(Continued)**

Change in Net Assets

	<u>Governmental Activities 2008</u>	<u>Governmental Activities 2007</u>
<u>Expenses</u>		
Program expenses:		
Instruction:		
Regular	\$ 10,218,857	\$ 9,201,262
Special	2,430,417	2,528,584
Vocational	56,049	80,885
Other	607,149	517,215
Support services:		
Pupil	1,131,076	1,069,568
Instructional staff	541,360	482,629
Board of education	26,365	29,266
Administration	1,763,246	1,611,271
Fiscal	580,802	496,266
Business	7,546	23,629
Operations and maintenance	1,785,600	1,635,053
Pupil transportation	1,003,384	870,761
Central	26,661	27,127
Operation of non-instructional services:		
Other non-instructional services	11,624	10,381
Food service operations	951,175	903,499
Extracurricular activities	819,781	716,851
Intergovernmental pass through	43,949	43,196
Interest and fiscal charges	<u>353,553</u>	<u>240,655</u>
Total expenses	<u>22,358,594</u>	<u>20,488,098</u>
Change in net assets	298,202	935,526
Net assets at beginning of year	<u>7,358,168</u>	<u>6,422,642</u>
Net assets at end of year	<u>\$ 7,656,370</u>	<u>\$ 7,358,168</u>

Governmental Activities

Net assets of the District's governmental activities increased \$298,202. Total governmental expenses of \$22,358,594 were offset by program revenues of \$4,029,693 and general revenues of \$18,627,103. Program revenues supported 18.02% of the total governmental expenses.

The primary sources of revenue for governmental activities are derived from property taxes, payments in lieu of taxes and grants and entitlements. These revenue sources represent 80.62% of total governmental revenue.

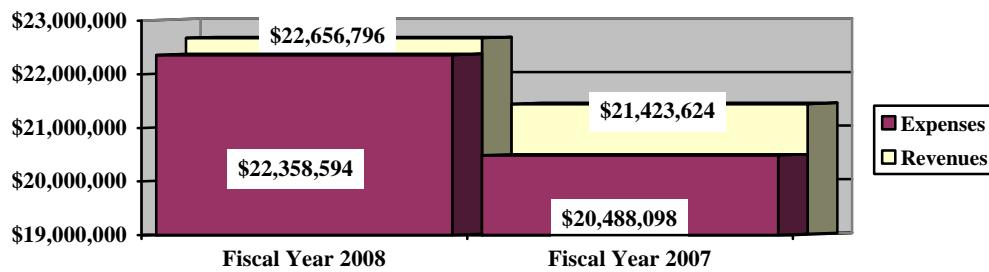
**CLYDE-GREEN SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
SANDUSKY COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
UNAUDITED
(Continued)**

The largest expense of the District is for instructional programs. Instruction expenses totaled \$13,312,472 or 59.54% of total governmental expenses for fiscal 2008.

The graph below presents the District's governmental activities revenue and expenses for fiscal year 2008 and 2007.

Governmental Activities - Revenues and Expenses



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

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
UNAUDITED
(Continued)**

	Governmental Activities			
	Total Cost of Services <u>2008</u>	Net Cost of Services <u>2008</u>	Total Cost of Services <u>2007</u>	Net Cost of Services <u>2007</u>
Program expenses				
Instruction:				
Regular	\$ 10,218,857	\$ 9,259,942	\$ 9,201,262	\$ 8,195,214
Special	2,430,417	883,482	2,528,584	973,370
Vocational	56,049	49,205	80,885	77,407
Other	607,149	603,553	517,215	517,215
Support services:				
Pupil	1,131,076	1,114,840	1,069,568	1,058,331
Instructional staff	541,360	523,412	482,629	467,415
Board of education	26,365	26,365	29,266	29,266
Administration	1,763,246	1,679,436	1,611,271	1,534,177
Fiscal	580,802	580,378	496,266	496,266
Business	7,546	7,546	23,629	13,771
Operations and maintenance	1,785,600	1,767,483	1,635,053	1,619,136
Pupil transportation	1,003,384	945,744	870,761	810,583
Central	26,661	26,661	27,127	12,127
Operation of non-instructional services:				
Other non-instructional services	11,624	(540)	10,381	515
Food service operations	951,175	13,836	903,499	(39,428)
Extracurricular activities	819,781	492,014	716,851	442,694
Intergovernmental pass through	43,949	1,991	43,196	(1,297)
Interest and fiscal charges	<u>353,553</u>	<u>353,553</u>	<u>240,655</u>	<u>240,655</u>
Total expenses	<u>\$ 22,358,594</u>	<u>\$ 18,328,901</u>	<u>\$ 20,488,098</u>	<u>\$ 16,447,417</u>

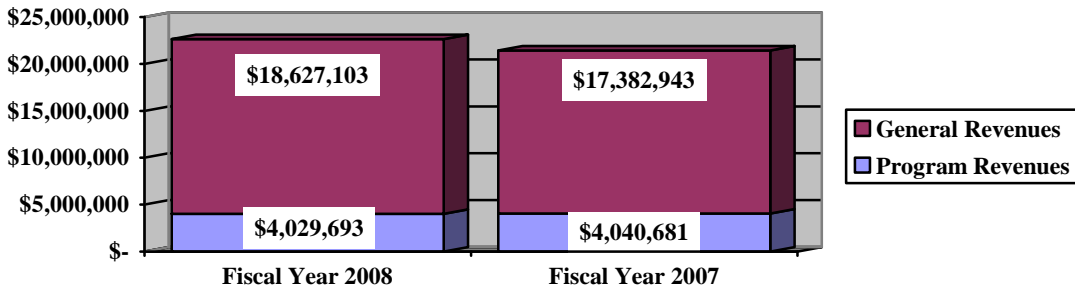
The dependence upon tax and other general revenues for governmental activities is apparent, 81.10% of instruction activities are supported through taxes and other general revenues. For all governmental activities, general revenue support is 81.97%. The District's taxpayers and unrestricted grants and entitlements from the State of Ohio are the primary support for District's students.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
UNAUDITED
(Continued)**

The graph below presents the District's governmental activities revenue for fiscal year 2008 and 2007.

Governmental Activities - General and Program Revenues



The District's Funds

The District's governmental funds reported a combined fund balance of \$24,579,942, which is greater than last year's total of \$1,895,830. The large increase is due to bond proceeds received by the District during the fiscal year. The schedule below indicates the fund balance and the total change in fund balance as of June 30, 2008 and 2007.

	Fund Balance <u>June 30, 2008</u>	Fund Balance <u>June 30, 2007</u>	<u>Increase</u>
General	\$ 2,732,237	\$ 1,072,923	\$ 1,659,314
Classroom facilities	19,175,715		19,175,715
Other governmental	<u>2,671,990</u>	<u>822,907</u>	<u>1,849,083</u>
Total	<u>\$ 24,579,942</u>	<u>\$ 1,895,830</u>	<u>\$ 22,684,112</u>

General Fund

The District's general fund balance increased \$1,659,314. The increase in fund balance can be attributed to several items related primarily to increased revenues outpacing increased expenditures. Tuition revenue decreased 11.60% due to lower enrollment and the District receiving less in open enrollment revenue over the prior fiscal year. Earnings on investment increased due to the District having more funds to invest during fiscal year 2008. Intergovernmental revenues increased due to the District receiving more money from the State for the personal property tax reimbursement and other grants and entitlements. Other revenues decreased due to the District receiving less money from local sources during the fiscal year. Instructional expenditures increased 4.29% due to the increasing costs of wages and benefits for the District's staff. Expenditures for support services increased 7.78% due to higher costs of maintaining the District's facilities. Extracurricular activities expenditures increased due to the District spending more on non-curricular student activities. The facilities acquisition and construction expenditures relate to improvements made to the District's facilities.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
UNAUDITED
(Continued)**

	<u>2008</u> <u>Amount</u>	<u>2007</u> <u>Amount</u>	<u>Increase</u> <u>(Decrease)</u>	<u>Percentage</u> <u>Change</u>
<u>Revenues</u>				
Taxes	\$ 6,988,241	\$ 6,893,153	\$ 95,088	1.38 %
Tuition	542,123	613,263	(71,140)	(11.60) %
Earnings on investments	171,531	152,220	19,311	12.69 %
Intergovernmental	10,855,784	10,482,652	373,132	3.56 %
Other revenues	472,112	495,115	(23,003)	(4.65) %
Other Financing Sources	<u>974,835</u>	<u> </u>	<u>974,835</u>	100.00 %
Total	<u>\$ 20,004,626</u>	<u>\$ 18,636,403</u>	<u>\$ 1,368,223</u>	7.34 %
<u>Expenditures</u>				
Instruction	\$ 11,436,159	\$ 10,966,229	469,930	4.29 %
Support services	6,396,953	5,935,203	461,750	7.78 %
Extracurricular activities	438,354	394,476	43,878	11.12 %
Facilities acquisition and construction	2,530		2,530	100.00 %
Debt service	<u>67,928</u>	<u>67,928</u>	<u> </u>	
Total	<u>\$ 18,341,924</u>	<u>\$ 17,363,836</u>	<u>\$ 978,088</u>	5.63 %

Classroom Facilities Fund

The classroom facilities fund was created during fiscal year 2008 in order to account for the financial resources to be used in the acquisition and construction of the District's new school buildings. During fiscal year 2008, the classroom facilities fund had \$19,175,715 in revenues and other financing sources and no expenditures, resulting in a fund balance of \$19,175,715.

General Fund Budgeting Highlights

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

During the course of fiscal 2008, the District amended its general fund budget numerous times. For the general fund, final budgeted revenues and other financing sources were \$19,688,138, which was higher than the original budgeted revenues estimate of \$18,700,024. Actual revenues and other financing sources for fiscal year 2008 was \$19,688,138.

General fund original appropriations (appropriated expenditures including other financing uses) of \$18,922,180 were decreased to \$18,806,321 in the final budget. The actual budget basis expenditures and other financing uses for fiscal year 2008 totaled \$18,383,127, which was \$423,194 less than the final budget appropriations.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
UNAUDITED
(Continued)**

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal 2008, the District had \$10,782,850 invested in land, improvements other than buildings, buildings and improvements, furniture and equipment and vehicles. This entire amount is reported in governmental activities. The following table shows fiscal 2008 balances compared to 2007:

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

	Governmental Activities	
	2008	2007
Land	\$ 423,960	\$ 423,960
Improvements other than buildings	545,414	582,992
Building and improvements	8,751,042	9,314,104
Furniture and equipment	939,710	1,059,690
Vehicles	122,724	166,444
Total	\$ 10,782,850	\$ 11,547,190

The overall decrease in capital assets of \$764,340 is due to depreciation expense of \$926,088 exceeding capital outlays of \$170,743 and capital asset disposals, net of accumulated depreciation, of \$8,995 in the fiscal year.

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

Debt Administration

At June 30, 2008, the District had \$25,697,019 in general obligation bonds outstanding. Of this total, \$265,000 is due within one year and \$25,432,019 is due in greater than one year. The following table summarizes the bonds outstanding.

Outstanding Debt, at Year End

	Governmental Activities <u>2008</u>	Governmental Activities <u>2007</u>
General obligation bonds	\$ 25,697,019	\$ 4,594,637
Total	\$ 25,697,019	\$ 4,594,637

At June 30, 2008, the District's overall legal debt margin was \$14,179,824 and an unvoted debt margin of \$204,058.

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

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
UNAUDITED
(Continued)**

See Note 11 in the basic financial statements for additional information on the District's debt administration.

Current Financial Related Activities

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

Whirlpool Corporation is the largest employer in the area and in November, 2008 announced the layoff of approximately 250 employees. This layoff, while significant, represents less than 10% of the workforce at the facility. The general world economic climate has negatively impacted their operations.

Declining enrollments continue to be a concern for the district and are continually monitored closely. Additional housing opportunities in the District should help to offset some of this decline. The school facilities building program may also have a positive impact on enrollment.

The District closely monitors its revenues and expenditures in accordance with its financial forecast. Recent reductions in State funding as well as the loss of tax revenue from business inventories and personal property tax reimbursements from the State have played a part in the deficit spending the District had experienced prior to the passage of additional funding in August, 2005. The District has since passed two renewal levies in 2006 and 2007 which gave the District financial stability for several years. The District will once again face deficit spending in fiscal year 2009 and will be addressing this concern.

The District has qualified for a building program through the Ohio School Facilities Commission (OSFC). The \$56 million project has been approved by the residents of the District who have raised \$20 million of the project locally through a bond issue financed by a new District income tax that takes effect January 1, 2009. This project will address the facilities needs of the District for the next 50 years by building two new school buildings, renovating two buildings and demolishing three existing school buildings.

Contacting the District's Financial Management

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

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

STATEMENT OF NET ASSETS
JUNE 30, 2008

	Governmental Activities
Assets:	
Equity in pooled cash and cash equivalents.	\$ 25,600,129
Receivables:	
Taxes	7,160,913
Accounts	4,236
Accrued interest	21,423
Intergovernmental	151,955
Prepayments	25,016
Materials and supplies inventory	38,515
Unamortized bond issuance costs.	363,616
Capital assets:	
Land	423,960
Depreciable capital assets, net	10,358,890
Capital assets, net.	10,782,850
Total assets.	44,148,653
Liabilities:	
Accounts payable.	106,695
Accrued wages and benefits	1,624,520
Pension obligation payable.	460,574
Intergovernmental payable	67,867
Accrued interest payable	125,481
Unearned revenue.	5,507,319
Long-term liabilities:	
Due within one year.	510,589
Due in more than one year	28,089,238
Total liabilities	36,492,283
Net assets:	
Invested in capital assets, net of related debt.	5,889,165
Restricted for:	
Capital projects	171,327
Debt service.	1,910,841
State funded programs	7,848
Federally funded programs	7,376
Student activities	72,500
Other purposes	37,141
Unrestricted (deficit)	(439,828)
Total net assets	\$ 7,656,370

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

**STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets
Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
Governmental activities:					
Instruction:					
Regular	\$ 10,218,857	\$ 603,946	\$ 298,787	\$ 56,182	\$ (9,259,942)
Special	2,430,417		1,546,935		(883,482)
Vocational	56,049		6,844		(49,205)
Other	607,149		3,596		(603,553)
Support services:					
Pupil.	1,131,076		16,236		(1,114,840)
Instructional staff	541,360	531	17,417		(523,412)
Board of education	26,365				(26,365)
Administration.	1,763,246	11,682	72,128		(1,679,436)
Fiscal.	580,802		424		(580,378)
Business.	7,546				(7,546)
Operations and maintenance	1,785,600	5,463	12,654		(1,767,483)
Pupil transportation.	1,003,384		46,059	11,581	(945,744)
Central	26,661				(26,661)
Operation of non-instructional services:					
Other non-instructional services.	11,624		12,164		540
Food service operations.	951,175	576,922	360,417		(13,836)
Extracurricular activities.	819,781	290,108	37,659		(492,014)
Intergovernmental pass through	43,949		41,958		(1,991)
Interest and fiscal charges	353,553				(353,553)
Total governmental activities	\$ 22,358,594	\$ 1,488,652	\$ 2,473,278	\$ 67,763	(18,328,901)
 General revenues:					
Property taxes levied for:					
General purposes					7,035,383
Debt service.					404,152
Capital projects					218,175
Payments in-lieu of taxes.					334,713
Grants and entitlements not restricted to specific programs					10,274,209
Investment earnings					203,982
Miscellaneous					156,489
Total general revenues					18,627,103
Change in net assets					298,202
Net assets at beginning of year					7,358,168
Net assets at end of year					\$ 7,656,370

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2008**

	<u>General</u>	<u>Classroom Facilities</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:				
Equity in pooled cash and cash equivalents	\$ 3,633,249	\$ 19,172,531	\$ 2,757,208	\$ 25,562,988
Receivables:				
Taxes	6,532,742		628,171	7,160,913
Accounts	4,236			4,236
Accrued interest	6,951	14,472		21,423
Intergovernmental	102,658		49,297	151,955
Interfund loans	21,855			21,855
Prepayments	25,016			25,016
Materials and supplies inventory	34,117		4,398	38,515
Restricted assets:				
Equity in pooled cash and cash equivalents	37,141			37,141
Total assets	<u>\$ 10,397,965</u>	<u>\$ 19,187,003</u>	<u>\$ 3,439,074</u>	<u>\$ 33,024,042</u>
Liabilities:				
Accounts payable	\$ 80,601		\$ 26,094	\$ 106,695
Accrued wages and benefits	1,524,291		100,229	1,624,520
Compensated absences payable	87,238			87,238
Pension obligation payable	414,190		46,384	460,574
Intergovernmental payable	64,645		3,222	67,867
Interfund loan payable			21,855	21,855
Deferred revenue	470,557	\$ 11,288	86,187	568,032
Unearned revenue	5,024,206		483,113	5,507,319
Total liabilities	<u>7,665,728</u>	<u>11,288</u>	<u>767,084</u>	<u>8,444,100</u>
Fund balances:				
Reserved for encumbrances	153,139		131,973	285,112
Reserved for materials and supplies inventory	34,117		4,398	38,515
Reserved for property tax unavailable for appropriation	1,103,592		106,119	1,209,711
Reserved for prepayments	25,016			25,016
Reserved for school bus purchases	37,141			37,141
Unreserved:				
Designated for budget stabilization	972,375			972,375
Undesignated reported in:				
General fund	406,857			406,857
Special revenue funds			280,529	280,529
Debt service fund			1,944,040	1,944,040
Capital projects funds		19,175,715	204,931	19,380,646
Total fund balances	<u>2,732,237</u>	<u>19,175,715</u>	<u>2,671,990</u>	<u>24,579,942</u>
Total liabilities and fund balances	<u>\$ 10,397,965</u>	<u>\$ 19,187,003</u>	<u>\$ 3,439,074</u>	<u>\$ 33,024,042</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES
TO NET ASSETS OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2008

Total governmental fund balances		\$ 24,579,942
<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.		10,782,850
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Taxes receivable	\$ 443,883	
Accrued interest receivable	18,239	
Intergovernmental receivable	<u>105,910</u>	
Total		568,032
Accrued interest payable is not due and payable in the current period and therefore is not reported in the funds.		(125,481)
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	25,697,019	
Capital lease obligation	129,028	
Compensated absences payable	<u>1,743,666</u>	
Total		(27,569,713)
Unamortized premiums on bonds are not recognized in the funds.		(1,159,928)
Unamortized deferred amount on advance refunding is not recognized in the funds.		217,052
Unamortized bond issuance costs are not recognized in the funds.		<u>363,616</u>
Net assets of governmental activities		<u><u>\$ 7,656,370</u></u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

	<u>General</u>	<u>Classroom Facilities</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:				
From local sources:				
Taxes	\$ 6,988,241		\$ 617,157	\$ 7,605,398
Tuition.	542,123			542,123
Earnings on investments.	171,531	\$ 500	43,072	215,103
Extracurricular.	19,395		281,725	301,120
Charges for services			614,581	614,581
Classroom materials and fees	61,069		287	61,356
Other local revenues.	391,648		147,825	539,473
Intergovernmental - State	10,855,784		372,701	11,228,485
Intergovernmental - Federal.			1,384,636	1,384,636
Total revenue	<u>19,029,791</u>	<u>500</u>	<u>3,461,984</u>	<u>22,492,275</u>
Expenditures:				
Current:				
Instruction:				
Regular	9,140,246		297,788	9,438,034
Special.	1,630,445		806,220	2,436,665
Vocational.	56,049			56,049
Other	609,419		3,596	613,015
Support services:				
Pupil.	1,103,932		15,466	1,119,398
Instructional staff	506,098		22,271	528,369
Board of education	26,365			26,365
Administration.	1,583,676		182,572	1,766,248
Fiscal	555,412		15,362	570,774
Business	7,546			7,546
Operations and maintenance.	1,641,530		12,879	1,654,409
Pupil transportation	945,733		12,147	957,880
Central.	26,661			26,661
Operation of non-instructional services:				
Other non-instructional services.			11,169	11,169
Food service operations.			931,810	931,810
Extracurricular activities.	438,354		325,203	763,557
Facilities acquisition and construction	2,530		171,547	174,077
Intergovernmental pass through.			43,949	43,949
Debt service:				
Principal retirement	59,843		255,000	314,843
Interest and fiscal charges	8,085		171,570	179,655
Bond issuance costs.			254,534	254,534
Total expenditures	<u>18,341,924</u>	<u>500</u>	<u>3,533,083</u>	<u>21,875,007</u>
Excess of revenues over (under) expenditures	<u>687,867</u>	<u>500</u>	<u>(71,099)</u>	<u>617,268</u>
Other financing sources:				
Sale of bonds	972,375	19,175,215	1,152,398	21,299,988
Sale of capital assets	2,460		40	2,500
Premium on sale of bonds.			769,733	769,733
Total other financing sources	<u>974,835</u>	<u>19,175,215</u>	<u>1,922,171</u>	<u>22,072,221</u>
Net change in fund balances	1,662,702	19,175,715	1,851,072	22,689,489
Fund balances at beginning of year.	1,072,923		822,907	1,895,830
Decrease in reserve for inventory	(3,388)		(1,989)	(5,377)
Fund balances at end of year.	<u>\$ 2,732,237</u>	<u>\$ 19,175,715</u>	<u>\$ 2,671,990</u>	<u>\$ 24,579,942</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

Net change in fund balances - total governmental funds	\$	22,689,489
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their useful lives as depreciation expense.		
Capital outlay	\$ 170,743	
Depreciation expense	(926,088)	
Total		(755,345)
Governmental funds only report the gain from the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.		
Disposals	(30,899)	
Accumulated depreciation on disposals	21,904	
Total		(8,995)
Governmental funds report expenditures for inventory when purchased. However, in the statement of activities, they are reported as an expense when consumed.		
		(5,377)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Taxes	52,312	
Accrued interest	14,310	
Intergovernmental	95,399	
Total		162,021
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.		
		314,843
Proceeds of bonds are recorded as revenue in the funds, however, in the statement of activities, they are not reported as revenues as they increase liabilities on the statement of net assets.		
		(21,299,988)
Premiums on debt issuances are recognized as revenues in the governmental funds, however, they are amortized over the life of the issuance in the statement of activities.		
		(769,733)
Bond issuance costs are recognized as expenditures in the governmental funds, however, they are amortized over the life of the issuance in the statement of activities.		
		254,534
In the statement of activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. The following items resulted in additional interest being reported in the statement of activities.		
Increase in accrued interest payable	(110,907)	
Accretion of interest on capital appreciation bonds	(57,394)	
Amortization of bond issuance costs	(5,408)	
Amortization on bond premiums	18,822	
Amortization of deferred charge on refunding	(19,011)	
Total		(173,898)
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.		
		(109,349)
Change in net assets of governmental activities	\$	298,202

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	<u>Budgeted Amounts</u>			Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
Revenues:				
From local sources:				
Taxes	\$ 6,359,645	\$ 6,695,691	\$ 6,695,691	
Tuition	514,915	542,123	542,123	
Earnings on investments	160,044	168,501	168,501	
Extracurricular	18,422	19,395	19,395	
Classroom materials and fees	58,254	61,332	61,332	
Other local revenues	368,410	387,877	387,877	
Intergovernmental - State	10,269,163	10,811,788	10,811,788	
Total revenue	<u>17,748,853</u>	<u>18,686,707</u>	<u>18,686,707</u>	
Expenditures:				
Current:				
Instruction:				
Regular	9,400,724	9,343,165	9,132,917	\$ 210,248
Special	1,693,334	1,682,965	1,645,094	37,871
Vocational	58,635	58,276	56,965	1,311
Other	626,828	622,990	608,971	14,019
Support services:				
Pupil	1,114,150	1,107,328	1,082,410	24,918
Instructional staff	525,955	522,735	510,972	11,763
Board of education	27,103	26,937	26,331	606
Administration	1,609,279	1,609,364	1,573,149	36,215
Fiscal	569,542	566,055	553,317	12,738
Business	7,638	7,591	7,420	171
Operations and maintenance	1,786,243	1,775,306	1,735,357	39,949
Pupil transportation	984,468	978,441	956,423	22,018
Central	31,630	31,436	30,729	707
Extracurricular activities	451,551	448,786	438,687	10,099
Facilities acquisition and construction	2,604	2,588	2,530	58
Total expenditures	<u>18,899,684</u>	<u>18,783,963</u>	<u>18,361,272</u>	<u>422,691</u>
Excess of revenues over (under) expenditures	<u>(1,150,831)</u>	<u>(97,256)</u>	<u>325,435</u>	<u>422,691</u>
Other financing sources (uses):				
Refund of prior year expenditure	5,857	6,167	6,167	
Advances in	19,404	20,429	20,429	
Advances (out)	(22,496)	(22,358)	(21,855)	503
Sale of bonds	923,573	972,375	972,375	
Sale of capital assets	2,337	2,460	2,460	
Total other financing sources (uses)	<u>928,675</u>	<u>979,073</u>	<u>979,576</u>	<u>503</u>
Net change in fund balance	(222,156)	881,817	1,305,011	423,194
Fund balance at beginning of year	1,987,907	1,987,907	1,987,907	
Prior year encumbrances appropriated	126,865	126,865	126,865	
Fund balance at end of year	<u>\$ 1,892,616</u>	<u>\$ 2,996,589</u>	<u>\$ 3,419,783</u>	<u>\$ 423,194</u>

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2008

	Private-Purpose Trust	
	Scholarship	Agency
Assets:		
Equity in pooled cash and cash equivalent	\$ 5,223	\$ 76,908
Total assets	5,223	76,908
Liabilities:		
Accounts payable		3,631
Intergovernmental payable		699
Due to students		72,578
Total liabilities		\$ 76,908
Net assets:		
Held in trust for scholarships	5,223	
Total net assets	\$ 5,223	

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

	Private-Purpose Trust
	Scholarship
Additions:	
Interest	\$ 206
Total additions.	206
Deductions:	
Scholarships awarded	200
Change in net assets	6
Net assets at beginning of year	5,217
Net assets at end of year.	\$ 5,223

SEE ACCOMPANYING NOTES TO THE BASIC FINANCIAL STATEMENTS

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

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

The District currently operates three elementary schools, one middle school and one comprehensive high school. The District employs 87 non-certified and 155 certified (including administrative) full-time and part-time employees to provide services to approximately 2,154 students in grades K through 12 and various community groups, which ranks it 243th out of 896 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) Statements and Interpretations issued on or before November 30, 1989, to its governmental activities provided they do not conflict with or contradict GASB pronouncements. The District's significant accounting policies are described below.

A. Reporting Entity

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

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

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

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

JOINTLY GOVERNED ORGANIZATIONS

Northern Ohio Educational Computer Association

The Northern Ohio Educational Computer Association (NOECA) is a jointly governed organization among forty-one school districts. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to the administrative and instructional functions among member districts. Each of the governments of these schools supports NOECA based upon a per pupil charge dependent upon the software package utilized. The NOECA assembly consists of a superintendent from each participating school district and a representative from the fiscal agent. NOECA is governed by a board of directors chosen from the general membership of the NOECA assembly. The board of directors consists of a representative from the fiscal agent, the chairman of each of the operating committees, and two assembly members from each county in which participating school districts are limited to its representation on the board. The District paid \$77,365 to NOECA in fiscal year 2008 for services. Financial information can be obtained by contacting Betty Schwiefert, who serves as controller, at 2900 South Columbus Avenue, Sandusky, Ohio 44870.

Vanguard-Sentinel Career Centers

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(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 \$141,992 to the Bay Area Council during fiscal year 2008 for gas usage and related fees. Financial information can be obtained from the Erie County 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 School District's with the exception of the Village of Green Springs and the portions of the School District located in Pleasant and Adams Townships, Seneca County. The Library's Board of Trustees is appointed by the School District's Board.

PUBLIC ENTITY RISK POOL

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

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

The Executive Director of the OASBO, or his designee, serves as coordinator of the Plan. Each year, the participating school districts pay an enrollment fee to the Plan to cover the costs of administering the program. The District paid \$1,800 for fiscal year 2008 in order to participate in the Plan.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

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

B. Fund Accounting

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

GOVERNMENTAL FUNDS

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

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

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

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

PROPRIETARY FUNDS

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

FIDUCIARY FUNDS

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

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

C. Basis of Presentation and Measurement Focus

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

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

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

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

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

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

D. Basis of Accounting

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

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

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

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

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, 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 for which there is an enforceable legal claim as of June 30, 2008, but which were levied to finance fiscal year 2009 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, 2008 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 fair value of donated commodities used during the year is reported in the fund financial statements as an expenditure with a like amount reported as intergovernmental revenue. Unused donated commodities are reported as intergovernmental revenue.

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(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.

Estimated Resources:

By April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commissions certificate of estimated resources, which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate 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 as the final budgeted amounts in the budgetary statements reflect the amounts in the final certificate issued during FY 2008. Prior to year end, the District requests and received an amended certificate of estimated resources that reflects actual revenue for the fiscal year.

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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

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

The Bard 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 on the budgetary statements represent the final appropriation amounts passed by the Board during the year.

Lapsing of Appropriations:

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

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 2008 investments were limited to a savings bond, a certificate of deposit, federal agency securities, commercial paper, a U.S. Government money market mutual fund 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.

The District has invested funds in STAR Ohio during fiscal 2008. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the state to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 2008.

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 2008 amounted to \$171,531, which includes \$39,326 assigned from other District funds.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

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

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

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

G. Inventory

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

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

H. Capital Assets

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

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.

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 - 50 years
Furniture and equipment	5 - 20 years
Vehicles	5 - 15 years

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

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

I. Interfund Balances

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

J. Compensated Absences

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

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

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

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

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

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

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

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

On the governmental fund financial statements, issuance costs and bond premiums are recognized in the current period. A reconciliation between the bonds face value and the amount reported on the statement of net assets is presented in Note 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, and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current year. Bonds are recognized as a liability on the fund financial statements when due.

M. Fund Balance Reserves/Designations

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

N. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The net assets restricted for other purposes represents monies restricted for school bus purchases (see Note 18).

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**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(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. Restricted Assets

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

R. Interfund Activity

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

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

S. Nonpublic Schools

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

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

T. Other Local Revenue

The District has reported rental receipts, classroom materials and fees, payments in lieu of taxes, and other miscellaneous local receipts as “other local revenue” on the statement of revenues, expenditures and changes in fund balances - all governmental funds and on the Statement of Revenues, Expenditures and Changes in Fund Balances - budget and actual comparison (Non-GAAP Budgetary Basis) - General Fund.

U. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal 2008.

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2008, the District has implemented GASB Statement No. 45, “Accounting and Financial Reporting for Postemployment Benefits Other than Pensions”, GASB Statement No. 48, “Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues”, and GASB Statement No. 50, “Pension Disclosures”.

GASB Statement No. 45 establishes uniform standards of financial reporting for other postemployment benefits and increases the usefulness and improves the faithfulness of representations in the financial reports. The implementation of GASB Statement No. 45 did not have an effect on the financial statements of the District; however, certain disclosures related to postemployment benefits (see Note 15) have been modified to conform to the new reporting requirements.

GASB Statement No. 48 establishes criteria to ascertain whether certain transactions should be regarded as sales or as collateralized borrowings, as well as disclosure requirements for future revenues that are pledged and sold. The implementation of GASB Statement No. 48 did not have an effect on the financial statements of the District.

GASB Statement No. 50 establishes standards that more closely align the financial reporting requirements for pensions with those of other postemployment benefits. The implementation of GASB Statement No. 50 did not have an effect on the financial statements of the District.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE – (Continued)

B. Deficit Fund Balances

Fund balances at June 30, 2008, included the following individual fund deficits:

	<u>Deficit</u>
<u>Nonmajor governmental funds</u>	
Management information systems	\$ 40
Alternative school grant	4,028
Title VI-B	3,131
Title I	24,681
Improving teacher quality	14,796

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

NOTE 4 - DEPOSITS AND INVESTMENTS

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

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

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

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

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;

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

NOTE 4 - DEPOSITS AND INVESTMENTS – (Continued)

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.

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

A. Cash on Hand

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

NOTE 4 - DEPOSITS AND INVESTMENTS – (Continued)

B. Deposits with Financial Institutions

At June 30, 2008, the carrying amount of all District deposits was \$613,901. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2008, \$291,492 of the District's bank balance of \$962,162 was covered by the Federal Deposit Insurance Corporation, and \$670,670 was exposed to custodial credit risk as discussed below.

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

C. Investments

As of June 30, 2008, the District had the following investments and maturities:

<u>Investment type</u>	<u>Fair Value</u>	<u>Investment Maturities</u>			
		<u>6 months or less</u>	<u>7 to 12 months</u>	<u>13 to 18 months</u>	<u>Greater than 24 months</u>
FHLB	\$ 2,924,715	\$ 505,315	\$ 2,419,400		
FNMA	500,000			\$ 500,000	
FHLMC	4,389,736		3,989,200		\$ 400,536
FNMA - Discount	4,377,286		4,377,286		
FHLMC - Discount	3,795,542		3,795,542		
Commercial paper	4,756,512	4,756,512			
U.S. Government money market mutual fund	17,906	17,906			
STAR Ohio	4,301,560	4,301,560			
US Savings Bond	5,000	5,000			
	<u>\$ 25,068,257</u>	<u>\$ 9,586,293</u>	<u>\$ 14,581,428</u>	<u>\$ 500,000</u>	<u>\$ 400,536</u>

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

NOTE 4 - DEPOSITS AND INVESTMENTS – (Continued)

The weighted average maturity of investments is 0.64 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 service rating. The District's investments in federal agency securities and commercial paper were rated AAA and Aaa by Standard & Poor's and Moody's Investor Services, respectively.

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

Concentration of Credit Risk: The District places no limit on the amount that may be invested in any one issuer. The following table includes the percentage of each investment type held by the District at June 30, 2008:

<u>Investment type</u>	<u>Fair Value</u>	<u>% of Total</u>
FHLB	\$ 2,924,715	11.67
FNMA	500,000	1.99
FHLMC	4,389,736	17.51
FNMA - Discount	4,377,286	17.46
FHLMC - Discount	3,795,542	15.14
Commercial paper	4,756,512	18.97
U.S. Government money market mutual fund	17,906	0.07
STAR Ohio	4,301,560	17.16
U.S. Savings Bond	5,000	0.03
	<u>\$ 25,068,257</u>	<u>100.00</u>

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

NOTE 4 - DEPOSITS AND INVESTMENTS – (Continued)

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

The following is a reconciliation of cash and investments as reported in the footnote above to cash and investments as reported on the statement of net assets as of June 30, 2008:

<u>Cash and investments per footnote</u>	
Carrying amount of deposits	\$ 613,901
Investments	25,068,257
Cash on hand	<u>102</u>
 Total	 <u>\$ 25,682,260</u>
 <u>Cash and investments per statement of net assets</u>	
Governmental activities	\$ 25,600,129
Private-purpose trust fund	5,223
Agency funds	<u>76,908</u>
 Total	 <u>\$ 25,682,260</u>

NOTE 5 - INTERFUND TRANSACTIONS

Interfund loans receivable/payable consisted of the following at June 30, 2008, as reported on the fund statement:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor governmental funds	\$ 21,855

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

Interfund balances between governmental funds are eliminated on the government-wide financial statements; therefore, no internal balances are reported on the statement of net assets.

NOTE 6 - PROPERTY TAXES

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

NOTE 6 - PROPERTY TAXES – (Continued)

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the District. Real property tax revenue received in calendar 2008 represents collections of calendar year 2007 taxes. Real property taxes received in calendar year 2008 were levied after April 1, 2007, on the assessed value listed as of January 1, 2007, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2008 represents collections of calendar year 2007 taxes. Public utility real and tangible personal property taxes received in calendar year 2008 became a lien December 31, 2006, were levied after April 1, 2007, and are collected in 2008 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenue received during calendar 2008 (other than public utility property) represents the collection of 2008 taxes. Tangible personal property taxes received in calendar year 2008 were levied after April 1, 2007, on the value as of December 31, 2007. For 2007, tangible personal property is assessed at 12.5% for property including inventory. This percentage will be reduced to 6.25% for 2008 and zero for 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the District prior to June 30.

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phases out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business and railroad property will be eliminated by calendar year 2009, and the tax on telephone and telecommunications property will be eliminated by calendar year 2011. The tax is phased out by reducing the assessment rate on the property each year. The bill replaces the revenue lost by the District due to the phasing out of the tax. In calendar years 2007-2010, the District will be fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements will be phased out.

The District receives property taxes from Sandusky and Seneca Counties. The County Auditors periodically advance to the District their portion of the taxes collected. Second-half real property tax payments collected by the County Auditors by June 30, 2008, are available to finance fiscal year 2008 operations. The amount available as an advance at June 30, 2008 was \$1,103,592 in the general fund, \$67,510 in the bond retirement fund, a nonmajor governmental fund, and \$38,609 in the permanent improvement fund, a nonmajor governmental fund. The amount that was available as an advance at June 30, 2007 was \$811,042 in the general fund, \$50,811 in the bond retirement fund, and \$25,729 in the permanent improvement fund. The amount available to be advanced can vary depending upon when tax bills are sent.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

NOTE 6 - PROPERTY TAXES – (Continued)

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2008 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 a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis the revenue has been deferred.

The assessed values upon which the fiscal year 2008 taxes were collected are:

	2007 Second Half Collections		2008 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$ 196,342,830	88.87	\$ 199,657,560	92.47
Public utility personal	6,503,940	2.94	5,020,940	2.33
Tangible personal property	<u>18,097,308</u>	<u>8.19</u>	<u>11,242,340</u>	<u>5.20</u>
Total	<u>\$ 220,944,078</u>	<u>100.00</u>	<u>\$215,920,840</u>	<u>100.00</u>

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

Operations	\$49.25	\$49.25
Permanent improvements	1.50	1.50
Debt service	1.80	1.85

NOTE 7 - INCOME TAX

On March 4, 2008, the District's voters approved a one percent earned income tax of individuals residing within the District. The tax is effective on January 1, 2009, and is a continuing tax. Employers of residents will be required to withhold income tax on compensation and remit the tax to the State. Taxpayers will be required to file an annual return. The State will make quarterly distributions to the District after withholding amounts for administrative fees and estimated refunds. The primary use of the income tax revenues will be to provide payment for the construction bonds - series 2008 (see Note 11). The District income tax will be credited to the general fund.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

NOTE 8 - RECEIVABLES

Receivables at June 30, 2008, consisted of taxes, accounts (billings for user charged services and student fees), accrued interest, and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of federal funds. A summary of the principal items of receivables reported on the statement of net assets follows:

Governmental activities:

Taxes	\$ 7,160,913
Accounts	4,236
Accrued interest	21,423
Intergovernmental	<u>151,955</u>
Total	<u>\$ 7,338,527</u>

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

NOTE 9 - CAPITALIZED LEASES - LESSEE DISCLOSURE

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

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

Capital assets acquired by lease have been capitalized in the statement of net assets in the amount of \$299,921, which is equal to the present value of the future minimum lease payments as of the date of inception. A corresponding liability was recorded in the statement of net assets. Accumulated depreciation as of June 30, 2008, was \$179,953, leaving a current book value of \$119,968. Principal and interest payments in the 2008 fiscal year totaled \$59,843 and \$8,085 respectively. These amounts are reflected as debt service expenditures in the general fund.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

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

<u>Fiscal Year Ending June 30</u>	<u>Amount</u>
2009	\$ 67,928
2010	<u>67,928</u>
Total	135,856
Less: amount representing interest	<u>(6,828)</u>
Present value of minimum lease payments	<u>\$ 129,028</u>

NOTE 10 - CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2008, was as follows:

	<u>6/30/07</u>	<u>Additions</u>	<u>Deductions</u>	<u>06/30/08</u>
Governmental activities:				
<i>Capital assets, not being depreciated:</i>				
Land	\$ 423,960	_____	_____	\$ 423,960
Total capital assets, not being depreciated	<u>423,960</u>	_____	_____	<u>423,960</u>
<i>Capital assets, being depreciated:</i>				
Improvements other than buildings	1,113,180	\$ 12,653		1,125,833
Buildings and improvements	24,537,076	21,513		24,558,589
Furniture and equipment	2,235,221	136,577	\$ (12,476)	2,359,322
Vehicles	<u>1,034,353</u>	_____	<u>(18,423)</u>	<u>1,015,930</u>
Total capital assets, being depreciated	<u>28,919,830</u>	<u>170,743</u>	<u>(30,899)</u>	<u>29,059,674</u>
<i>Less: accumulated depreciation</i>				
Improvements other than buildings	(530,188)	(50,231)		(580,419)
Buildings and improvements	(15,222,972)	(584,575)		(15,807,547)
Furniture and equipment	(1,175,531)	(247,562)	3,481	(1,419,612)
Vehicles	<u>(867,909)</u>	<u>(43,720)</u>	<u>18,423</u>	<u>(893,206)</u>
Total accumulated depreciation	<u>(17,796,600)</u>	<u>(926,088)</u>	<u>21,904</u>	<u>(18,700,784)</u>
Governmental activities capital assets, net	<u>\$ 11,547,190</u>	<u>\$ (755,345)</u>	<u>\$ (8,995)</u>	<u>\$ 10,782,850</u>

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

NOTE 10 - CAPITAL ASSETS – (Continued)

Depreciation expense was charged to governmental functions as follows:

<u>Instruction:</u>	
Regular	\$ 703,357
Special	2,356
<u>Support services:</u>	
Pupil	293
Instructional staff	586
Administration	2,702
Fiscal	1,250
Operations and maintenance	87,594
Pupil transportation	47,237
Extracurricular activities	57,367
Food service operations	<u>23,346</u>
Total depreciation expense	<u>\$ 926,088</u>

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

NOTE 11 - LONG-TERM OBLIGATIONS

- A. During the fiscal year 2008, the following changes occurred in governmental activities long-term obligations:

	<u>Balance 6/30/07</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance 6/30/08</u>	<u>Amounts Due in One Year</u>
Governmental activities:					
<i>General obligation bonds:</i>					
<u>Refunding bonds - series 2004</u>					
Current interest bonds	\$ 4,210,000		\$ (255,000)	\$ 3,955,000	\$ 265,000
Capital appreciation bonds	230,397			230,397	
Accreted interest	154,240	\$ 55,707		209,947	
<u>Construction bonds - series 2008</u>					
Current interest bonds		21,080,000		21,080,000	
Capital appreciation bonds		219,988		219,988	
Accreted interest		1,687		1,687	
Total general obligation bonds	<u>4,594,637</u>	<u>21,357,382</u>	<u>(255,000)</u>	<u>25,697,019</u>	<u>265,000</u>
<i>Other long-term obligations:</i>					
Capital lease obligation	188,871		(59,843)	129,028	62,905
Compensated absences	<u>1,678,059</u>	<u>264,745</u>	<u>(111,900)</u>	<u>1,830,904</u>	<u>182,684</u>
Total other long-term obligations	<u>1,866,930</u>	<u>264,745</u>	<u>(171,743)</u>	<u>1,959,932</u>	<u>245,589</u>
Total governmental activities	<u>\$ 6,461,567</u>	<u>\$ 21,622,127</u>	<u>\$ (426,743)</u>	27,656,951	<u>\$ 510,589</u>
Add: unamortized premium on bonds				1,159,928	
Less: unamortized deferred amount on refunding				<u>(217,052)</u>	
Total long-term obligations				<u>\$ 28,599,827</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 \$209,947 in interest has been accreted on the capital appreciation bonds as of June 30, 2008.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(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) mill bonded debt tax levy. These bonds are paid from the bond retirement fund, a nonmajor governmental fund.

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

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

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

The issue is comprised of both current interest bonds, par value \$21,080,000, and capital appreciation bonds, par value \$219,988. The interest rates on the current interest bonds range from 3.00% to 5.00%. The capital appreciation bonds mature on December 1, 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 \$1,687 in interest has been accreted on the capital appreciation bonds as of June 30, 2008.

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, 2008, no proceeds from this bond issue have 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.

Capital lease obligation: The capital lease obligation will be paid from the general fund. See Note 9 for more details.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

NOTE 11 - LONG-TERM OBLIGATIONS – (Continued)

B. Principal and interest requirements to retire the long-term obligations outstanding at June 30, 2008, are as follows:

<u>Year Ended</u>	<u>Current Interest Bonds, Series 2004</u>			<u>Capital Appreciation Bonds, Series 2004</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009	\$ 265,000	\$ 164,346	\$ 429,346			
2010	275,000	156,036	431,036			
2011	280,000	146,666	426,666			
2012	290,000	136,259	426,259			
2013	300,000	125,197	425,197			
2014 - 2018	310,000	544,156	854,156	\$ 230,397	\$ 1,054,603	\$ 1,285,000
2019 - 2023	930,000	406,592	1,336,592			
2024 - 2028	575,000	262,587	837,587			
2029 - 2033	<u>730,000</u>	<u>97,372</u>	<u>827,372</u>			
Total	<u>\$ 3,955,000</u>	<u>\$ 2,039,211</u>	<u>\$ 5,994,211</u>	<u>\$ 230,397</u>	<u>\$ 1,054,603</u>	<u>\$ 1,285,000</u>

<u>Year Ended</u>	<u>Current Interest Bonds, Series 2008</u>			<u>Capital Appreciation Bonds, Series 2008</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2009		\$ 995,736	\$ 995,736			
2010	\$ 25,000	965,837	990,837			
2011	200,000	962,463	1,162,463			
2012	200,000	956,462	1,156,462			
2013	200,000	950,213	1,150,213			
2014 - 2018	1,415,000	4,580,725	5,995,725	\$ 219,988	\$ 1,385,012	\$ 1,605,000
2019 - 2023	4,760,000	3,923,687	8,683,687			
2024 - 2028	6,530,000	2,566,657	9,096,657			
2029 - 2032	<u>7,750,000</u>	<u>784,350</u>	<u>8,534,350</u>			
Total	<u>\$21,080,000</u>	<u>\$16,686,130</u>	<u>\$37,766,130</u>	<u>\$ 219,988</u>	<u>\$ 1,385,012</u>	<u>\$ 1,605,000</u>

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

NOTE 11 - LONG-TERM OBLIGATIONS – (Continued)

C. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the District. The assessed valuation used in determining the District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2008, are a voted debt margin of \$14,179,824 and an unvoted debt margin of \$204,058.

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 (10) years service in one or more Ohio political subdivisions. Payment is to be based on employee's per diem pay rate at the time of retirement. Payment for all employees with ten (10) or more years of service will be paid based on (26%) of the accrued but unused days of sick leave up to Two hundred and fifty (250) days or maximum of (65) days. Employees under the Ohio Association of Public School Employees contract with less than ten (10) years service with the District will be paid based on (26%) of the accrued but unused days of sick leave up to one hundred and fifty (150) days or maximum of (39) days.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

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.

C. Workers' Compensation

For fiscal year 2008, the District participated in the Ohio Association of School Business Officials (OASBO) Workers' Compensation Group Rating Plan (the "Plan"), an insurance purchasing pool. The intent of the Plan is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the Plan. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the Plan. Each participant pays its workers' compensation premium to the state based on the rate for the Plan rather than its individual rate.

NOTE 14 - PENSION PLANS

A. School Employees Retirement System

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

NOTE 14 - PENSION PLANS – (Continued)

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School 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 2008, 9.16 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended 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 School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2008, 2007, and 2006, were \$231,841, \$245,922 and \$228,487, respectively; 44.00 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

B. State Teachers Retirement System of Ohio

Plan Description - The School 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 43215-3371, or by visiting the STRS Ohio website at www.strsoh.org.

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

NOTE 14 - PENSION PLANS – (Continued)

Funding Policy - For fiscal year ended June 30, 2008, plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2007, the portion used to fund pension obligations was also 13 percent. 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 School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2008, 2007, and 2006 were \$1,202,639, \$1,162,521, and \$1,127,896, respectively; 82.97 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006. Contributions to the DC and Combined Plans for fiscal year 2008 were \$1,928 made by the District and \$5,249 made by the plan members.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System (SERS) or the State Teachers Retirement System of Ohio (STRS) have an option to choose Social Security or the School Retirement System. As of June 30, 2008, certain members of the Board of Education have elected Social Security. The District's liability is 6.2% of wages paid.

NOTE 15 - POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

Plan Description - The School District participates in two cost-sharing, multiple employer defined benefit OPEB plans administered by the School Employees Retirement System 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 and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit 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.

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 401h. For 2008, 4.18 percent of covered payroll was allocated to health care.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

NOTE 15 - POSTEMPLOYMENT BENEFITS – (Continued)

In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2008, this amount was \$35,800.

Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

The School District's contributions for health care for the fiscal years ended June 30, 2008, 2007, and 2006, were \$154,346, \$127,362, and \$127,343, respectively; 44.00 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2008, this actuarially required allocation was 0.66 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2008, 2007, and 2006, were \$16,705, \$16,723, and \$18,186, respectively; 44.00 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

B. State Teachers Retirement System of Ohio

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

Funding Policy - Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2008, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The School District's contributions for health care for the fiscal years ended June 30, 2008, 2007, and 2006, were \$92,511, \$89,425, and \$86,761, respectively; 82.97 percent has been contributed for fiscal year 2008 and 100 percent for fiscal years 2007 and 2006.

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.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

NOTE 16 - BUDGETARY BASIS OF ACCOUNTING – (Continued)

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

- (a) Revenues and other financing sources are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures and other financing uses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of an expenditure, as opposed to a reservation of fund balance for that portion of outstanding encumbrances not already recognized as an account payable (GAAP basis);
- (d) Investments are reported at fair value (GAAP basis) rather than cost (budget basis);
- (e) Advances-in and advances out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).

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

Net Change in Fund Balance

	<u>General Fund</u>
Budget basis	\$ 1,305,011
Net adjustment for revenue accruals	343,084
Net adjustment for expenditure accruals	(225,283)
Net adjustment for other sources/uses	(4,741)
Adjustment for encumbrances	<u>244,631</u>
GAAP basis	<u>\$ 1,662,702</u>

NOTE 17 - CONTINGENCIES

A. Grants

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

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

NOTE 17 – CONTINGENCIES – (Continued)

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 - STATUTORY RESERVES

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

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

	<u>Textbooks/ Instructional Materials</u>	<u>Capital Acquisition</u>
Set-aside balance as of June 30, 2007	\$ (932,646)	
Current year set-aside requirement	340,797	\$ 340,797
Qualifying disbursements	<u>(430,347)</u>	<u>(606,868)</u>
Total	<u>\$ (1,022,196)</u>	<u>\$ (266,071)</u>
Balance carried forward to FY 2009	<u>\$ (1,022,196)</u>	<u>\$ _____</u>

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

In addition to the above statutory reserves, the District has a balance of \$37,141 in funding from the State of Ohio that is restricted for school bus purchases.

Monies set-aside by the Board of Education for budget stabilization are reported as a designation of fund balance in the general fund. The balance in the budget stabilization designation at June 30, 2008, was \$972,375. See Note 11 for more detail on this designation.

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

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(Continued)**

NOTE 18 - STATUTORY RESERVES – (Continued)

A schedule of the governmental fund restricted assets at June 30, 2008 follows:

Amount restricted for school bus purchases	<u>\$ 37,141</u>
Total restricted assets	<u>\$ 37,141</u>

NOTE 19 - SIGNIFICANT SUBSEQUENT EVENTS

- A. On July 22, 2008, the project agreement between the District and the Ohio School Facilities Commission (OSFC) was signed for the District's participation in the Classroom Facilities Assistance Program. The scope of this project is to build one new elementary school and one new middle school, renovate and add to South Main Elementary School and Clyde High School and to demolish Green Springs and Vine Street Elementary Schools and McPherson Middle School. The total budget for this project is \$56,397,692, of which the State will pay \$37,222,477 and the District will pay \$19,175,215.

On February 27, 2009, the Board awarded a total of \$8,109,567 in contracts to four contractors with one more contract yet to be awarded on that school project. The Board plans a groundbreaking ceremony for its four building projects on the Green Springs School grounds this spring.

NOTE 20 – CONTRACTUAL COMMITMENT

The School District entered into a capital lease agreement for six (6) school buses in the amount of \$365,081 (including interest). The buses were delivered in July 2008.

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

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2008**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Federal CFDA Number	Receipts	Disbursements
UNITED STATES DEPARTMENT OF AGRICULTURE <i>Passed Through Ohio Department of Education</i>			
<u>Nutrition Cluster:</u>			
National School Lunch Program:			
Non Cash Assistance (Food Distribution)	10.555	\$ 124,188	\$ 124,188
Cash Assistance		270,878	270,878
Total National School Lunch Program		<u>395,066</u>	<u>395,066</u>
School Breakfast Program	10.553	45,317	45,317
Total for Nutrition Cluster		<u>440,383</u>	<u>440,383</u>
Total US Department of Agriculture		<u>440,383</u>	<u>440,383</u>
UNITED STATES DEPARTMENT OF EDUCATION <i>Passed Through Ohio Department of Education</i>			
<u>Special Education Cluster:</u>			
Special Education Grants to States	84.027	571,960	571,960
Special Education Preschool Grants	84.173	14,980	14,980
Total Special Education Cluster		<u>586,940</u>	<u>586,940</u>
Title 1 Grants to Local Educational Agencies	84.010	263,111	248,146
Twenty-First Century Community Learning Centers	84.287	125,000	112,781
Safe and Drug Free-Schools and Communities State Grants	84.186	7,714	8,350
State Grants for Innovative Programs	84.298	3,351	4,686
Education Technology State Grants	84.318	2,795	2,795
Improving Teacher Quality State Grants	84.367	<u>87,746</u>	<u>95,009</u>
Total US Department of Education		<u>1,076,657</u>	<u>1,058,707</u>
Total Federal Assistance		<u>\$ 1,517,040</u>	<u>\$ 1,499,090</u>

The accompanying notes are an intergral part of this schedule.

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

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FISCAL YEAR ENDED JUNE 30, 2008**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - CHILD NUTRITION CLUSTER

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

NOTE C – FOOD DONATION PROGRAM

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

This page intentionally left blank.



Mary Taylor, CPA

Auditor of State

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

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

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, 2008, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 13, 2009. 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 expressing our opinion on the financial statements, but not to opine 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 control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the District's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the District's internal control will not prevent or detect a material financial statement misstatement.

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

We noted certain matters that we reported to the District's management in a separate letter dated March 13, 2009.

Compliance and Other Matters

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

We did note a certain noncompliance matter that we reported to the District's management in a separate letter dated March 13, 2009.

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

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

Mary Taylor, CPA
Auditor of State

March 13, 2009



Mary Taylor, CPA

Auditor of State

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

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

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 apply to its major federal programs for the year ended June 30, 2008. 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 express an opinion on the District's compliance based on our audit.

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

In our opinion, Clyde-Green Springs Exempted Village School District complied, in all material respects, with the requirements referred to above that apply to its major federal programs for the year ended June 30, 2008.

Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

A control deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect noncompliance with a federal program compliance requirement on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to administer a federal program such that there is more than a remote likelihood that the District's internal control will not prevent or detect more-than-inconsequential noncompliance with a federal program compliance requirement.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that the District's internal control will not prevent or detect material noncompliance with a federal program's compliance requirements.

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

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



Mary Taylor, CPA
Auditor of State

March 13, 2009

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

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2008**

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None.

3. FINDINGS FOR FEDERAL AWARDS

None.



Mary Taylor, CPA
Auditor of State

CLYDE-GREEN SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
SANDUSKY COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
AUGUST 4, 2009