



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

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2001



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

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

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REPORT OF INDEPENDENT ACCOUNTANTS

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

To the Board of Education:

We have audited the accompanying general-purpose financial statements of Clyde-Green Springs Exempted Village School District (the School District) as of and for the year ended June 30, 2001, as listed in the table of contents. These general-purpose financial statements are the responsibility of the School District's management. Our responsibility is to express an opinion on these general-purpose 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about 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 that our audit provides a reasonable basis for our opinion.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Clyde-Green Springs Exempted Village School District, Sandusky County, as of June 30, 2001, and the results of its operations and the cash flows of its proprietary fund type and nonexpendable trust 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 December 20, 2001 on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The accompanying schedule of federal awards expenditures is presented for additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general-purpose financial statements. We subjected this information to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

Jim Petro
Auditor of State

December 20, 2001

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

**Combined Balance Sheet
All Fund Types and Account Groups
June 30, 2001**

	<u>Governmental Fund Types</u>			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
Assets and Other Debits:				
<u>Assets:</u>				
Equity in Pooled Cash and Cash Equivalents	\$3,182,439	\$203,424	\$108,436	\$109,285
Equity in Pooled Cash and Cash Equivalents - Nonexpendable Trusts				
Receivables:				
Taxes	5,429,678		278,206	202,432
Accounts	582	116		
Accrued Interest	24,447	147	713	
Interfund Receivable	168,136			
Prepaid Items	91,738	2,970		
Materials and Supplies				
Inventory	60,722			
Restricted Assets: Equity in Pooled Cash and Cash Equivalents	67,853			
Fixed Assets (Net, where applicable, of Accumulated Depreciation)				
<u>Other Debits:</u>				
Amount Available in Debt Service				
Fund for Retirement of General Obligation Bonds				
Amount to be Provided from General Government Resources				
Total Assets and Other Debits	<u>\$9,025,595</u>	<u>\$206,657</u>	<u>\$387,355</u>	<u>\$311,717</u>

Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Trust and Agency			
\$113,148	\$87,928			\$3,804,660
	5,333			5,333
				5,910,316
				698
	243			25,550
				168,136
3,431				98,139
13,486				74,208
				67,853
120,548		\$26,567,113		26,687,661
			\$110,031	110,031
			4,752,559	4,752,559
\$250,613	\$93,504	\$26,567,113	\$4,862,590	\$41,705,144

(Continued)

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

**Combined Balance Sheet
All Fund Types and Account Groups
June 30, 2001
(Continued)**

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Liabilities, Fund Equity and Other Credits:				
<u>Liabilities:</u>				
Accounts Payable	\$29,075	\$2,206		\$9,901
Accrued Wages	1,408,790	47,107		
Compensated Absences Payable				
Interfund Payable		43,136		125,000
Intergovernmental Payable	163			
Deferred Revenue	4,995,838		\$257,034	185,811
Accrued Interest Payable			20,290	
Due to Students				
Energy Conservation Loan Payable				
General Obligation Bonds Payable				
Total Liabilities	6,433,866	92,449	277,324	320,712
<u>Fund Equity and Other Credits:</u>				
Investment in General Fixed Assets				
Contributed Capital				
Retained Earnings:				
Unreserved				
Fund Balance:				
Reserved for Encumbrances	660,079	40,256		86,184
Reserved for Inventory	60,722			
Reserved for Contributions				
Reserved for Property Taxes	433,840		21,172	16,621
Reserved for Debt Service			88,859	
Reserved for Budget Stabilization	67,853			
Designated for Budget Stabilization	417,434			
Unreserved:				
Undesignated	951,801	73,952		(111,800)
Total Fund Equity and Other Credits	2,591,729	114,208	110,031	(8,995)
Total Liabilities, Fund Equity and Other Credits	\$9,025,595	\$206,657	\$387,355	\$311,717

See accompanying notes to the general purpose financial statements

Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Trust and Agency			
\$101	\$7,627			\$48,910
72,570			\$106,327	1,634,794
29,247			1,555,628	1,584,875
				168,136
				163
7,333				5,446,016
				20,290
	62,573			62,573
			225,635	225,635
			2,975,000	2,975,000
109,251	70,200		4,862,590	12,166,392
		\$26,567,113		26,567,113
17,332				17,332
124,030	343			124,373
				786,519
				60,722
	5,000			5,000
				471,633
				88,859
				67,853
				417,434
	17,961			931,914
141,362	23,304	26,567,113		29,538,752
\$250,613	\$93,504	\$26,567,113	\$4,862,590	\$41,705,144

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

**Combined Statement of Revenues, Expenditures and Changes in Fund Balances
All Governmental and Similar Fiduciary Fund Types
For the Fiscal Year Ended June 30, 2001**

	<u>Governmental Fund Types</u>	
	<u>General</u>	<u>Special Revenue</u>
Revenues:		
Taxes	\$4,885,535	
Intergovernmental	7,569,504	\$682,098
Interest	293,746	2,217
Increase (Decrease) in Fair Market Value of Investments	53,620	
Tuition and Fees	62,283	434
Extracurricular Activities		175,116
Gifts and Donations		34,829
Miscellaneous	183,469	53,126
Total Revenues	<u>13,048,157</u>	<u>947,820</u>
Expenditures:		
Current:		
Instruction:		
Regular	6,702,294	189,299
Special	1,462,380	232,565
Vocational	25,553	
Other	27,545	1,134
Support Services:		
Pupils	715,796	63,932
Instructional Staff	458,126	87,724
Board of Education	23,051	
Administration	1,193,811	178,081
Fiscal	344,398	4,321
Business	14,820	
Operation and Maintenance of Plant	1,396,388	6,594
Pupil Transportation	777,095	11,504
Central	11,635	16,955
Non-Instructional Services		65,216
Extracurricular Activities	323,723	210,667
Capital Outlay	1,097,391	6,370
Debt Service:		
Principal Retirement		
Interest and Fiscal Charges		
Total Expenditures	<u>14,574,006</u>	<u>1,074,362</u>
Excess of Revenues Over (Under) Expenditures	<u>(1,525,849)</u>	<u>(126,542)</u>
Other Financing Sources (Uses):		
Proceeds from Sale of Fixed Assets	1,448	
Other Financing Sources	250	29,416
Operating Transfers In		667
Operating Transfers Out	(97,401)	(667)
Total Other Financing Sources (Uses)	<u>(95,703)</u>	<u>29,416</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(1,621,552)</u>	<u>(97,126)</u>
Fund Balances at Beginning of Year	4,210,783	211,334
Increase in Reserve for Inventory	2,498	
Fund Balances at End of Year	<u><u>\$2,591,729</u></u>	<u><u>\$114,208</u></u>

See accompanying notes to the general purpose financial statements

Governmental Fund Types		Fiduciary Fund Type	Totals (Memorandum Only)
Debt Service	Capital Projects	Expendable Trust	
\$244,653	\$185,387		\$5,315,575
28,809	160,093		8,440,504
8,427	120	\$976	305,486
			53,620
			62,717
			175,116
			34,829
			236,595
281,889	345,600	976	14,624,442
	73,490		6,965,083
			1,694,945
			25,553
			28,679
	17,144		779,728
			562,994
			23,051
5,626	4,321		1,371,892
			358,666
			14,820
	4,866		1,407,848
	9,561		798,160
	30,500		59,090
			65,216
			534,390
	197,132		1,300,893
162,606			162,606
211,057			211,057
379,289	337,014		16,364,671
(97,400)	8,586	976	(1,740,229)
			1,448
97,401			29,666
			98,068
			(98,068)
97,401			31,114
1	8,586	976	(1,709,115)
110,030	(17,581)	16,866	4,531,432
			2,498
\$110,031	(\$8,995)	\$17,842	\$2,824,815

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

**Combined Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual Comparison (Non-GAAP Budgetary Basis)
All Governmental Fund Types
For the Fiscal Year Ended June 30, 2001**

	General Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Taxes	\$5,186,635	\$5,186,635	
Intergovernmental	7,569,504	7,569,504	
Interest	326,714	326,714	
Tuition and Fees	53,565	53,565	
Extracurricular Activities			
Miscellaneous	180,944	180,944	
Total Revenues	13,317,362	13,317,362	
Expenditures:			
Current:			
Instruction:			
Regular	6,823,845	6,774,250	\$49,595
Special	1,481,922	1,445,569	36,353
Vocational	35,000	25,553	9,447
Other	110,000	27,545	82,455
Support Services:			
Pupils	729,734	707,019	22,715
Instructional Staff	505,660	477,436	28,224
Board of Education	41,157	23,069	18,088
Administration	1,252,880	1,222,530	30,350
Fiscal	386,349	345,200	41,149
Business	5,159	4,885	274
Operation and Maintenance of Plant	1,592,950	1,538,655	54,295
Pupil Transportation	867,945	795,985	71,960
Central	33,150	13,885	19,265
Operation of Non-Instructional Services			
Extracurricular Activities	325,672	323,247	2,425
Capital Outlay	1,591,333	1,498,389	92,944
Debt Service:			
Principal Retirement			
Interest and Fiscal Charges			
Total Expenditures	15,782,756	15,223,217	559,539
Excess of Revenues Over (Under) Expenditures	(2,465,394)	(1,905,855)	559,539
Other Financing Sources (Uses):			
Proceeds from Sale of Fixed Assets	1,709	1,709	
Refund of Prior Year Receipts			
Refund of Prior Year Expenditures	1,293	1,293	
Other Financing Sources			
Advances In	79,100	79,100	
Advances Out	(200,000)	(168,136)	31,864
Operating Transfers In			
Operating Transfers Out	(100,000)	(97,401)	2,599
Total Other Financing Sources (Uses)	(217,898)	(183,435)	34,463
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(2,683,292)	(2,089,290)	594,002
Fund Balances (Deficit) at Beginning of Year	4,641,826	4,641,826	
Prior Year Encumbrances Appropriated	1,046,024	1,046,024	
Fund Balances at End of Year	\$3,004,558	\$3,598,560	\$594,002

Special Revenue Funds			Debt Service Fund		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
			\$276,959	\$258,559	(\$18,400)
\$682,100	\$682,098	(\$2)	28,808	28,808	
2,427	2,427		8,576	8,576	
318	318				
175,116	175,116				
117,371	117,371				
977,332	977,330	(2)	314,343	295,943	(18,400)
218,062	178,622	39,440			
245,373	234,972	10,401			
67,672	63,975	3,697			
101,249	95,432	5,817			
193,439	182,260	11,179			
4,371	4,321	50	6,100	5,626	474
6,763	6,763				
11,504	11,504				
16,955	16,955				
90,697	84,030	6,667			
224,188	216,555	7,633			
20,484	8,411	12,073			
			162,607	162,606	1
			211,417	211,417	
1,200,757	1,103,800	96,957	380,124	379,649	475
(223,425)	(126,470)	96,955	(65,781)	(83,706)	(17,925)
(1,134)	(1,134)				
43,136	43,136				
667	(13,600)	(13,600)	97,401	97,401	
	667	(667)			
	(667)	(667)			
42,669	28,402	(14,267)	97,401	97,401	
(180,756)	(98,068)	82,688	31,620	13,695	(17,925)
259,031	259,031		94,740	94,740	
35,663	35,663				
\$113,938	\$196,626	\$82,688	\$126,360	\$108,435	(\$17,925)

(Continued)

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

**Combined Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual Comparison (Non-GAAP Budgetary Basis)
All Governmental Fund Types
For the Fiscal Year Ended June 30, 2001
(Continued)**

	Capital Projects Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Taxes	\$177,867	\$196,267	\$18,400
Intergovernmental	160,092	160,093	1
Interest	120	120	
Tuition and Fees			
Extracurricular Activities			
Miscellaneous			
Total Revenues	338,079	356,480	18,401
Expenditures:			
Current:			
Instruction:			
Regular	77,993	77,993	
Special			
Vocational			
Other			
Support Services:			
Pupils			
Instructional Staff	17,144	17,144	
Board of Education			
Administration			
Fiscal	4,321	4,321	
Business			
Operation and Maintenance of Plant	4,865	4,865	
Pupil Transportation	9,446	9,446	
Central	30,500	30,500	
Operation of Non-Instructional			
Services			
Extracurricular Activities			
Capital Outlay	278,809	278,809	
Debt Service:			
Principal Retirement			
Interest and Fiscal Charges			
Total Expenditures	423,078	423,078	
Excess of Revenues Over (Under) Expenditures	(84,999)	(66,598)	18,401
Other Financing Sources (Uses):			
Proceeds from Sale of Fixed Assets			
Refund of Prior Year Receipts			
Refund of Prior Year Expenditures			
Other Financing Sources			
Advances In	125,000	125,000	
Advances Out	(3,200)	(65,500)	(62,300)
Operating Transfers In			
Operating Transfers Out			
Total Other Financing Sources (Uses)	121,800	59,500	(62,300)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	36,801	(7,098)	(43,899)
Fund Balances (Deficit) at Beginning of Year	20,298	20,298	
Prior Year Encumbrances Appropriated	38,614	38,614	
Fund Balances at End of Year	\$95,713	\$51,814	(\$43,899)

See accompanying notes to the general purpose financial statements

(Memorandum Only)

<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
\$5,641,461	\$5,641,461	
8,440,504	8,440,503	(\$1)
337,837	337,837	
53,883	53,883	
175,116	175,116	
298,315	298,315	
<u>14,947,116</u>	<u>14,947,115</u>	<u>(1)</u>
7,119,900	7,030,865	89,035
1,727,295	1,680,541	46,754
35,000	25,553	9,447
110,000	27,545	82,455
797,406	770,994	26,412
624,053	590,012	34,041
41,157	23,069	18,088
1,446,319	1,404,790	41,529
401,141	359,468	41,673
5,159	4,885	274
1,604,578	1,550,283	54,295
888,895	816,935	71,960
80,605	61,340	19,265
90,697	84,030	6,667
549,860	539,802	10,058
1,890,626	1,785,609	105,017
162,607	162,606	1
211,417	211,417	
<u>17,786,715</u>	<u>17,129,744</u>	<u>656,971</u>
(2,839,599)	(2,182,629)	656,970
1,709	1,709	
(1,134)	(1,134)	
1,293	1,293	
247,236	247,236	
(203,200)	(247,236)	(44,036)
98,068	98,068	
(100,000)	(98,068)	1,932
<u>43,972</u>	<u>1,868</u>	<u>(42,104)</u>
(2,795,627)	(2,180,761)	614,866
5,015,895	5,015,895	
1,120,301	1,120,301	
<u>\$3,340,569</u>	<u>\$3,955,435</u>	<u>\$614,866</u>

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

**Combined Statement of Revenues, Expenses and Changes in Fund Equity
All Proprietary and Similar Fiduciary Fund Types
For the Fiscal Year Ended June 30, 2001**

	Proprietary Fund Type	Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Nonexpendable Trust	
Operating Revenues:			
Sales	\$432,459		\$432,459
Interest		\$312	312
Total Operating Revenue	432,459	312	432,771
Operating Expenses:			
Salaries	238,475		238,475
Fringe Benefits	89,013		89,013
Purchased Services	26,473	325	26,798
Materials and Supplies	14,876		14,876
Cost of Sales	257,154		257,154
Depreciation	17,678		17,678
Total Operating Expenses	643,669	325	643,994
Operating Loss	(211,210)	(13)	(211,223)
Non-Operating Revenues:			
Federal Donated Commodities	56,202		56,202
Proceeds from Sale of Assets	104		104
Interest	5,695		5,695
Operating Grants	148,786		148,786
Total Non-Operating Revenues	210,787		210,787
Net Loss	(423)	(13)	(436)
Depreciation on Fixed Assets Acquired by Contributed Capital	3,885		3,885
Change in Capitalization Limit	(5,877)		(5,877)
Retained Earnings/Fund Balance (Deficit) at Beginning of Year	126,445	5,475	131,920
Retained Earnings/Fund Balance (Deficit) at End of Year	124,030	5,462	129,492
Contributed Capital at Beginning of Year	21,217		21,217
Depreciation on Fixed Assets Acquired by Contributed Capital	(3,885)		(3,885)
Contributed Capital at End of Year	17,332		17,332
Total Fund Equity at End of Year	\$141,362	\$5,462	\$146,824

See accompanying notes to the general purpose financial statements

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

**Combined Statement of Cash Flows
All Proprietary Fund Types and Similar Trust Fund
For the Fiscal Year Ended June 30, 2001**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Nonexpendable Trust</u>	
Increase (Decrease) in Cash and Cash Equivalents:			
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Customers	\$432,459		\$432,459
Cash Received from Interest Income (Nonexpendable Trusts Only)		\$312	312
Cash Payments to Suppliers for Goods and Services	(243,138)	(325)	(243,463)
Cash Payments to Employees for Services	(235,770)		(235,770)
Cash Payments for Employee Benefits	(90,016)		(90,016)
Net Cash Used for Operating Activities	(136,465)	(13)	(136,478)
<u>Cash Flows from Noncapital Financing Activities:</u>			
Operating Grants Received	148,785		148,785
<u>Cash Flows from Capital and Related Financing Activities:</u>			
Proceeds from Sale of Capital Assets	104		104
Payments for Capital Acquisitions	(10,749)		(10,749)
Net Cash Used for Capital and Related Financing Activities	(10,645)		(10,645)
<u>Cash Flows from Investing Activities:</u>			
Interest on Investments	5,695		5,695
Net Increase (Decrease) in Cash and Cash Equivalents	7,370	(13)	7,357
Cash and Cash Equivalents at Beginning of Year	105,778	5,346	111,124
Cash and Cash Equivalents at End of Year	\$113,148	\$5,333	\$118,481
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:			
Operating Loss	(\$211,210)	(\$13)	(\$211,223)
Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities:			
Depreciation	17,678		17,678
Non-Operating change in accruals	57,200		57,200
Changes in Assets and Liabilities:			
Increase in Prepaid Items	(544)		(544)
Increase in Materials and Supplies Inventory	(535)		(535)
Decrease in Accounts Payable	(17)		(17)
Increase in Accrued Wages	5,665		5,665
Decrease in Compensated Absences Payable	(3,420)		(3,420)
Decrease in Deferred Revenue	(1,282)		(1,282)
Total Adjustments	74,745		74,745
Net Cash Provided by (Used for) Operating Activities	(\$136,465)	(\$13)	(\$136,478)

See accompanying Notes to the Financial Statements.

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

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001**

1. DESCRIPTION OF THE ENTITY

Clyde-Green Springs Exempted Village School 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. Clyde-Green Springs Exempted Village School District is an exempted village school district as defined by Section 3311.04 of the Ohio Revised Code. The School District operates under an elected Board of Education (five members) and is responsible for the provision of public education to residents of the School District.

Average daily membership (ADM) as of October 1, 2000, was 2406. The School District employed 15 administrative and supervisory personnel, 144 certificated employees and 93 non-certificated employees.

The School District provides regular, vocational and special instruction. The School District also provides support services for the pupils, instructional staff, general and School 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.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Clyde-Green Springs Exempted Village School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Under the provisions of GASB No. 20 the district has elected not to apply Financial Accounting Standards Board Statements and interpretations issued after November 30, 1989 to its proprietary activities. Election of this approach to accounting for proprietary activities by the district has required no change from prior years. The more significant of the School District's accounting policies are described below:

A. REPORTING ENTITY

The reporting entity is composed of the primary government, component units and other organizations that are included to insure that the financial statements of the School District are not misleading. The primary governmental units are prescribed in the statements issued by the Governmental Accounting Standards Board and other recognized authoritative sources.

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

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

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

The School District is associated with six organizations, which are defined as jointly governed organizations, insurance pools, and a related organization. These organizations are presented in Notes 18, 19, and 20 to the general-purpose financial statements.

B. FUND ACCOUNTING

The School District uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types".

Governmental funds are used to account for all or most of a district's general activities, including the collection and disbursement of earmarked monies (special revenue funds), the acquisition or construction of general fixed assets (capital projects funds), and the servicing of general-long term debt (debt service funds). The general fund is used to account for all activities of the general government not accounted for in some other fund.

Proprietary funds are used to account for activities similar to those found in the private sector, where the determination of net income is necessary or useful to sound financial administration. Goods or services from such activities can be provided either to outside parties (enterprise funds) or to other departments or agencies primarily within the government (internal service funds).

Fiduciary funds are used to account for assets held on behalf of outside parties, including other governments, or on behalf of other funds within the School District. When these assets are held under the terms of a formal trust agreement, a nonexpendable trust fund or an expendable trust fund is used. The terms "nonexpendable" and "expendable" refer to whether or not the government is under an obligation to maintain the trust principal. Agency funds generally are used to account for assets that the government holds on behalf of others as their agent.

C. BASIS OF ACCOUNTING

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and the expendable trust fund are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.

All proprietary and nonexpendable trust funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations of these funds are included on the balance sheet. Proprietary fund and

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

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

nonexpendable trust fund operating statements present increases (revenues) and decreases (expenses) in net total assets.

The modified accrual basis of accounting is followed for all governmental funds, the expendable trust funds, and the agency funds. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available to finance expenditures of the current period, which for the District is sixty days after the June 30 year-end. Revenues accrued at the end of the year include taxes, (to the extent they are intended to finance the current fiscal year), interest, and accounts (student fees and tuition). Current property taxes measurable as of June 30, 2001, and which are intended to finance fiscal 2002 operations, have been recorded as deferred revenues. Delinquent property taxes measurable and available (received within 60 days) are recognized as revenue. In proprietary funds, unused donated commodities are reported as deferred revenue.

The District reports deferred revenue on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the recognition of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On the modified accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied and the resources are available. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been met and the resources are available.

Expenditures (decreases in net financial resources) are recognized in the period in which the fund liability is incurred with the following exception: general long-term obligation principal and interest are reported only when due; and costs of accumulated unpaid vacation and sick leave are reported as expenditures in the period in which they will be liquidated with available financial resources rather than in the period earned by employees.

The proprietary fund and nonexpendable trust fund are accounted for on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense and a like amount is reported as donated commodities revenue.

On the accrual basis of accounting, revenue from nonexchange transactions, such as grants, entitlements and donations, is recognized in the fiscal year in which all eligibility requirements have been met. The proprietary funds receive no revenue from property tax.

D. BUDGETARY PROCESS

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established time-table. The major documents

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

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

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 required to be budgeted and appropriated. The primary level of budgetary control is at the object code function level within the general fund and at the fund level for all other funds. Budgetary modifications may only be made by resolution of the Board of Education.

1. Tax Budget

A budget of estimated revenue and expenditures is submitted to the County Auditor, as Secretary of the County Budget Commission, by January 20 of each year, for the period July 1 to June 30 of the following year.

2. Estimated Resources

The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Commission certifies its actions to the School District by March 1. As part of this certification, the School District receives the official certificate of estimated resources, which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure. On or about July 1, the certificate of estimated resources is amended to include any unencumbered balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed current estimates. The amounts reported on the budgetary statement reflect amounts internally developed by management.

3. Appropriations

A temporary appropriation resolution to control expenditures may be passed on or about July 1 of each year for the period of July 1 to September 30. An annual appropriation resolution must be passed by October 1 of each year for the period July 1 to June 30. The appropriation resolution fixes spending authority at the fund, function level.

The appropriation resolution may be amended during the year as new information becomes available, provided that total fund appropriations do not exceed current estimated resources, as certified. The allocation of appropriations among functions within a fund may be modified during the year by a resolution of the Board of Education. Several supplemental appropriation resolutions were legally enacted by the Board of Education during the year. The budget figures which appear in the statement of budgetary comparisons represent the final appropriation amounts including all amendments and modifications.

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

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

4. Encumbrances

As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are encumbered and recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance.

On the GAAP basis, encumbrances outstanding at year end are reported as reservations of fund balances for subsequent-year expenditures.

5. Lapsing of Appropriations

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

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 and described above is based upon accounting for certain transactions on a basis of cash receipts and disbursements.

The Combined Statement of Revenue, Expenditures, and Changes in Fund Balances, Budget to Actual (Non-GAAP Budgetary Basis), All Governmental Fund Types and Expendable Trust Funds and the Combined Statement of Revenues, Expenditures and Changes in Fund Balances, Budget to Actual (Non-GAAP Budgetary Basis), All Proprietary Fund Types and Similar Fiduciary Fund Types are 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:

- Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
- Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
- Outstanding year end encumbrances are treated as expenditures/ expenses (budget basis) rather than as a reservation of fund balance (GAAP).

Adjustments necessary to convert the results of operations at the end of the year on the Budget Basis to the GAAP basis are as follows:

Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses Governmental Fund Types				
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
Budget Basis	(\$2,089,290)	(\$98,068)	\$13,695	(\$7,098)
Adjustments:				
Revenue	(349,609)	(43,230)	(14,054)	(135,880)

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

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
Expenditures	128,030	1,710	360	55,479
Encumbrances (budget basis)	689,317	42,462		96,085
GAAP Basis	<u>(\$1,621,552)</u>	<u>(\$97,126)</u>	<u>\$1</u>	<u>\$8,586</u>

E. CASH AND INVESTMENTS

To improve cash management, cash received by the School District is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through the School District's records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the combined balance sheet.

State statutes authorize the government to invest in obligations of the U.S. Treasury, obligations of the State of Ohio, obligations of its political subdivision and agencies, repurchase agreements, State Treasurer's investment pool, bankers' acceptances and commercial paper notes.

During fiscal year 2001, investments were limited to savings bonds, federal agency securities and the State Treasurer's investment pool. Investments are reported at fair value which is based on quoted market prices.

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, 2001.

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are considered to be cash equivalents.

By policy of the Board of Education, investment earnings are assigned to the General Fund, Auxiliary Services Fund, Debt Service Fund, Permanent Improvements Fund, Food Service Fund, the Special Trust Funds and the Endowment Fund. The General Fund was credited with more interest than would have been received based upon its share of the District's investments during fiscal 2001.

	<u>Interest Actually Received</u>	<u>Interest Based upon Share of Investments</u>	<u>Interest Assigned from Other Funds</u>
General Fund	\$293,746	\$256,705	\$37,041

F. INTERFUND RECEIVABLES/PAYABLES

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "Interfund Receivable" or "Interfund Payable" on the balance sheet.

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

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

G. INVENTORIES

Inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost (first in, first out) or market and consists of expendable supplies for resale. The costs of inventory items are recognized as expenditures in governmental fund types when purchased and expenses in the proprietary fund types when used.

H. PREPAID ITEMS

Payments made to vendors for services that will benefit periods beyond June 30, 2001, are recorded as prepaid items.

I. FIXED ASSETS

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. All purchased fixed assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received. The School District maintains a capitalization threshold of five hundred dollars. The School District does not have any infrastructure.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Public domain ("infrastructure") general fixed assets consisting of curbs, gutters, sidewalks, drainage systems and lighting systems are not capitalized, as these assets are immovable and of value only to the government.

Assets in the general fixed assets account group are not depreciated. Depreciation of buildings, equipment and vehicles in the proprietary fund types is computed using the straight-line method.

Interest is capitalized on assets acquired with tax-exempt debt.

The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period.

J. COMPENSATED ABSENCES

Vested or accumulated vacation leave expected to be liquidated with expendable available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it. Vested or accumulated vacation leave of proprietary funds is recorded as an expense and liability of those funds as the benefits accrue to employees.

Sick leave benefits are accrued as a liability using the "termination payment method". The termination payment method accrues a liability that is based entirely on an estimate of the amount of accumulated sick leave that will be paid as a termination benefit. The estimate is based on past experience. This estimate (ratio) is then applied to employee's sick leave balances and

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

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

current wage rates at fiscal year end. This liability is posted to the general long-term obligations account group for governmental funds. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

K. LONG-TERM OBLIGATIONS

Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the general long-term obligations account group. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

L. FUND EQUITY

Contributed capital is recorded in proprietary funds that have received capital grants or contributions from other funds. Fund balances are reserved for encumbrances, inventory, contributions, property taxes, debt service and budget stabilization. Reserves represent those portions of fund equity not appropriate for expenditure or legally segregated for a specific future use.

Designated fund balances represents budget reserve monies established under 5705.13(A) which were designated by the Board of Education.

M. INTERFUND TRANSACTIONS

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

N. MEMORANDUM ONLY - TOTAL COLUMNS

Total columns on the general-purpose financial statements are captioned "memorandum only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations or changes in financial position in conformity with generally accepted accounting principles. Neither are such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

O. RESTRICTED ASSETS

Restricted assets in the general fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets represent amounts set aside to create a reserve for budget stabilization.

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

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

P. ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principals requires management to make estimates and assumption that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

3. ACCOUNTABILITY AND COMPLIANCE

A. CHANGE IN ACCOUNTING PRINCIPALS

For fiscal year 2001, the School District has implemented Governmental Accounting Standards Board (GASB) Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions" and Statement No. 36, "Recipient Reporting for Certain Shared Nonexchange Revenues". These statements establish accounting and financial reporting standards for nonexchange transactions involving financial or capital resources. The timing for the recognition of assets, liabilities, and expenditures/expenses resulting from nonexchange transactions will be the same whether the accrual or the modified accrual basis of accounting is required. However, for revenue recognition to occur on the modified accrual basis, the criteria established for accrual basis revenue recognition must be met and the revenues must be available. For the School District, the implementation of these statements did not have any effect on fund balances as previously reported for the fiscal year ended June 30, 2000.

B. DEFICIT FUND BALANCES

Fund balances at June 30, 2001 included the following individual fund deficits.

	Deficit Balance
Special Revenue Funds:	
Title VI-B Fund	\$47,033
Title I	13,841
Capital Projects Fund:	
Permanent Improvement Fund	44,597

This GAAP-basis deficit will be funded by anticipated future intergovernmental revenues or other subsidies not recognized and recorded at June 30. The General fund provides transfers for deficit balances; however, transfers are made when cash is needed rather than when accruals occur.

C. COMPLIANCE

1. The School District did not always certify expenditures in accordance with Ohio Revised Code § 5705.41(D).
2. The School District had several funds with negative cash fund balances through out the year which is contrary to Ohio Revised Code 5705.10.

4. DEPOSITS AND INVESTMENTS

State statutes classify monies held by the School 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 School District Treasury, in commercial accounts payable

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

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

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 two year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

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

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

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

1. United States Treasury Bills, Bonds, Notes, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) 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); and
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed 25 percent of interim monies available for investment at any one time.

**CLYDE-GREEN SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
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**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

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

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, "Deposits With Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements".

Deposits - At fiscal year-end, the carrying amount of the School District's deposits was \$1,198,654 and the bank balance was \$1,721,356. Of the bank balance, \$1,018,586 was covered by federal depository insurance or by collateral held by a qualified third party trustee in the name of the school district and \$702,770 was held by third party trustees pursuant to Section 135.181, Revised Code, in collateralized pools securing all public funds on deposit with specific depository institutions.

Investments - The School District's investments are required to be categorized to give an indication of the level of risk assumed by the School District at year end. Category 1 includes investments that are insured or registered for which the securities are held by the School District or the School District's agent in the School District's name. Category 2 includes uninsured and unregistered investments for which the securities are held in the counterparty's trust department or agent in the School District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the School District's name. STAR Ohio is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form.

	Category 1	Category 2	Fair Value
Savings Bonds	\$5,000		\$5,000
Federal Agency Securities		\$1,157,583	1,157,583
STAR Ohio			1,516,609
Total Investments	\$5,000	\$1,157,583	\$2,679,192

The classification of cash and cash equivalents, and investments on the combined financial statements is based on the criteria set forth in GASB Statement No. 9, "Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting". A reconciliation between the classifications of cash and investments on the combined financial statements and the classifications of deposits and investments according to GASB Statement No. 3 is as follows:

**CLYDE-GREEN SPRINGS EXEMPTED VILLAGE SCHOOL DISTRICT
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**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

	Cash and Cash Equivalents/ Deposits	Investments
GASB Statement No. 9	\$3,877,846	
Investments	(2,679,192)	\$2,679,192
GASB Statement No. 3	\$1,198,654	\$2,679,192

5. PROPERTY TAXES

Property taxes include amounts levied against all real, public utility, and tangible personal (used in business) property located in the School District. Real property taxes are levied after October 1 on the assessed value listed as of the prior January 1, the lien date. Assessed values are established by State law at 35 percent of appraised market value. Real property taxes are collected in and intended to finance the year following the year in which they are levied.

Public utility property taxes are assessed on tangible personal property, as well as land and improvements, at true value (normally 50 percent of cost). Tangible personal property taxes attach as a lien and are levied January 1 of the current year, the same year in which collections are made. Tangible personal property assessments are 25 percent of true value.

The assessed value upon which the 2000 taxes were collected was \$187,564,336 of which real and public utility property represented 79.73 percent of the total (\$149,538,600) and tangible personal property represented 20.27 percent (\$38,025,736). The full tax rate for all District operations applied to real property for fiscal year ended June 30, 2001 was \$46.35 per \$1,000 of assessed valuation.

After adjustment of the rate for inflationary increases in property values, the effective tax rate was \$27.3448 per \$1,000 of assessed valuation for real property classified as residential/agricultural and \$36.2270 per \$1,000 of assessed valuation for all other real property. Real property owners' tax bills are further reduced by homestead and rollback deductions, when applicable. The amount of these homestead and rollback reductions is reimbursed to the School District by the State of Ohio.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due January 20; if paid semi-annually, the first payment is due January 20 with remainder payable by June 20. Under certain circumstances, state statute permits earlier or later payment dates to be established. Tangible personal property taxes paid 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.

Accrued property taxes receivable represent delinquent taxes outstanding and real, tangible personal, and public utility taxes which were measurable as of June 30, 2001. Total property tax collections for the next fiscal year are measurable and amounts certified by the county auditor as available for advance on June 30 were recognized as revenue June 30 and are intended to finance 2000-2001 operations. Taxes not available for advance at June 30 were not considered to be available to finance 2000-2001 operations and were therefore offset by a credit to deferred revenue. Deferred revenue consists of real estate taxes for the last half of assessed taxes for calendar year 2000 and assessed taxes of calendar year 2001 and personal property taxes assessed for the last half of calendar year 2001.

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

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
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(Continued)**

6. RECEIVABLES

Receivables at June 30, 2001, consisted of taxes, interest, accounts (billings for user charged services), and intergovernmental receivables arising from grants, entitlement and shared revenues.

All receivables are considered collectable in full. A summary of the principal items of receivables follows:

<u>General Fund:</u>	
Taxes Receivable	\$5,429,678
Accounts Receivable	582
Interest on Investments	24,447
 <u>Special Revenue:</u>	
Accounts Receivable	\$116
Interest on Investments	147
 <u>Debt Service:</u>	
Taxes Receivable	\$278,206
Interest on Investments	713
 <u>Capital Projects:</u>	
Taxes Receivable	\$202,432
 <u>Expendable Trusts:</u>	
Interest on Investments	\$116
 <u>Nonexpendable Trusts:</u>	
Interest on Investments	\$127

7. FIXED ASSETS

The following is a summary of changes in the general fixed assets account group during the fiscal year:

	Balance 7/1/2000	Additions	Retirements	Balance 6/30/01
Land	\$401,460			\$401,460
Buildings	19,111,888	268,512	2,047	19,378,353
Improvements other than Buildings	748,500			748,500
Furniture and Equipment	3,357,363	342,762	583,542	3,116,583
Vehicles	1,072,994	61,141		1,134,135
Books	681,462			681,462
Construction in Progress	188,509	1,007,818	89,707	1,106,620
Total	\$25,562,176	\$1,680,233	\$675,296	\$26,567,113

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

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

The following is a summary of proprietary fund-type fixed assets at June 30, 2001:

	<u>Enterprise Funds</u>
Machinery and Equipment	\$243,285
Less: Accumulated Depreciation	<u>122,737</u>
Net Fixed Assets	<u>\$120,548</u>

In Proprietary Funds, the following estimated useful lives are used to compute depreciation:

Buildings	40 years
Equipment	8-20 years
Vehicles	3-5 years

8. LONG-TERM OBLIGATIONS

Long-term obligations of the School District as of June 30, 2001, were as follows:

<u>General Long Term Account Group:</u>	<u>Outstanding 6/30/00</u>	<u>Additions</u>	<u>Deductions</u>	<u>Outstanding 6/30/01</u>
Accrued Wages and Benefits	\$104,916	\$1,411		\$106,327
Compensated Absences	1,573,362		17,734	1,555,628
School Improvement Bonds	3,055,000		80,000	2,975,000
Energy Conservation	308,241		82,606	225,635
Total	<u>\$5,041,519</u>	<u>\$1,411</u>	<u>\$180,340</u>	<u>\$4,862,590</u>

The accrued sick leave benefits recorded above represent the non-current portion of the liability. The current portion has been recorded in the appropriate fund types.

During fiscal year 1994 an energy conservation loan was established under the rules of H.B. 264. The loan was in the amount of \$753,813 at an interest rate of 5.15% with semi-annual payments of \$48,700. Proceeds of this loan were used to make energy improvements to all buildings of the District. The majority of these improvements consisted of lighting retrofits, window replacements and boiler replacements.

During fiscal year 1995 the district issued bonds in the amount of \$3,400,000 for an addition and improvements to Clyde High School. The bonds were issued on January 15, 1995 with serial maturities from 1995 to 2009 at interest rates ranging from 4.80 percent to 6.00 percent and term maturities in 2013 and 2019 at rates of 7.00 percent and 6.10 percent respectively. The bonds are rated "AAA" with MBIA insurance and carry an underlying "A" rating from Moody's Investor Services.

The following is a summary of the School District's future annual debt service requirements to maturity including interest payments:

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

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

Year Ending June 30	Energy Conservation Loan	High School Improvement Bonds
2002	\$97,401	\$272,263
2003	97,401	272,683
2004	48,583	272,760
2005		272,510
2006		267,003
2007-2020		3,784,862
Total	\$243,385	\$5,142,081

9. INTERFUND TRANSACTIONS

A. Interfund balances at June 30, 2001 consist of the following individual fund receivables and payables:

	Interfund Receivable	Interfund Payable
General Fund	\$168,136	
Special Revenue Fund:		
Title VI-B		\$43,136
Capital Projects Fund:		
Permanent Improvements		125,000
Total	\$168,136	\$168,136

B. Transfers between funds during the fiscal year were as follows:

Fund	Transfer In	Transfer Out
General Fund		\$97,401
Special Revenue	\$667	667
Debt Service	97,401	
Total	\$98,068	\$98,068

10. SEGMENT INFORMATION - ENTERPRISE FUND

The government maintains one enterprise fund which is intended to be self-supporting through user fees charged for services to the students. Financial segment information as of and for the fiscal year ended June 30, 2001 is presented below:

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

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

<u>Food Service Fund</u>	
Operating Revenues	\$ 432,459
Operating Expenses	643,669
Depreciation Expense	17,678
Operating (Loss)	(211,210)
Operating Grants	148,786
Net(Loss)	(423)
Property and equipment additions	10,749
Net Cash Flow	7,370
Net Working Capital	28,147
Total Assets	250,613
Total Equity	141,362

11. COMPENSATED ABSENCES

A. SICK LEAVE

All employees are entitled to fifteen (15) days sick leave with pay for each year under contract and accrue sick leave at the rate of one and one-fourth (1¼) days for each calendar month under contract. Sick leave is cumulative to two hundred forty (240) days for certificated employees. Classified employees, the Superintendent, and the Treasurer may accumulate two hundred fifty (250) days.

B. SEVERANCE PAY

All employees serving in a regular assignment under contract with the Clyde-Green Springs Board of Education may elect to receive a cash payment at retirement for accrued but unused sick leave. To be eligible, employees must be qualified for retirement benefits under one or more of the STRS, SERS or PERS retirement systems and have performed a minimum of ten (10) years service in one or more Ohio political subdivisions. Payment is to be based on employee's per diem pay rate at the time of retirement. Payment shall be based on 26% of the accrued but unused days of sick leave up to one hundred forty (140) days or a maximum of thirty-six and 4/10 (36.4) days. Persons with ten (10) or more years of experience in the Clyde-Green Springs Exempted Village School District will be paid based on twenty six percent (26%) of the accrued but unused days of sick leave up to two hundred forty (240) days or maximum of sixty-two and four-tenths (62.4) days. Classified personnel, the Superintendent and Treasurer with ten (10) or more years of service will be paid based on twenty-six percent (26%) of the accrued but unused days of sick leave up to two hundred fifty (250) days or maximum of sixty-five (65) days.

12. PENSION AND RETIREMENT PLANS

A. SCHOOL EMPLOYEES RETIREMENT SYSTEM

The Clyde-Green Springs Exempted Village School District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost of living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by State statute per Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand alone financial report that includes financial statements and required

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

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

supplementary information. That report may be obtained by writing to the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215 or by calling 614-222-5853.

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current rate is 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to statutory amounts, by the SERS Retirement Board. The School District's contributions for pension obligations to SERS for the fiscal years ended June 30, 2001, 2000, and 1999 were \$306,642, \$290,520, and \$265,680 respectively.

B. STATE TEACHERS RETIREMENT SYSTEM

The Clyde-Green Springs Exempted Village School District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information for STRS. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

Plan members are required to contribute 9.3 percent of their annual covered salary and the School District is required to contribute 14 percent. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2001, 2000 and 1999 were \$964,950, \$920,177, and \$877,860 respectively.

C. SOCIAL SECURITY SYSTEM

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or State Teachers Retirement System have an option to choose social security or School Employees Retirement System/State Teachers Retirement System. As of June 30, 2001, three of the board of education members have elected social security. The board's and the employee's liability is 6.2 percent of wages paid.

13. POSTEMPLOYMENT BENEFITS

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

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. For this fiscal year,

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

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

the Board allocated employer contributions equal to 4.5 percent of covered payroll to the Health Care Reserve Fund. For the District, this amount equaled \$310,163 during fiscal 2001.

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Health Care Reserve Fund was \$3.419 billion on June 30, 2000 (the latest information available). For the year ended June 30, 2000 (the latest information available), net health care costs paid by STRS were \$283.137 million and STRS had 99,011 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more years of qualifying service credit, and disability and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than twenty-five years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75 percent of the premium.

For this fiscal year, employer contributions to fund health care benefits were 8.45 percent of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2001, the minimum pay has been established at \$12,400. The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund.

The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care at June 30, 2000 (the latest information available), were \$140.7 million and the target level was \$211.0 million. At June 30, 2000 (the latest information available), SERS had net assets available for payment of health care benefits of \$252.3 million. SERS has approximately 50,000 participants currently receiving health care benefits. For the School District, the amount to fund health care benefits, including the surcharge, equaled \$225,593 during the 2001 fiscal year.

14. STATUTORY RESERVES

The School District is required by State statute to annually set aside in the general fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by year-end or offset by similarly restricted resources received during the year must be held in cash at year-end and carried forward to be used for the same purposes in future years. In prior years, the District was also required to set aside money for budget stabilization. For fiscal year 2001, only the unspent portion of certain workers' compensation refunds is required to be set-aside at year end.

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

	Textbook Reserve	Capital Acquisition	Budget Stabilization
Set-Aside balance as of July 1, 2000			\$165,335
Set-aside Requirement	\$302,220	\$302,220	
Current Year Offsets		(198,080)	
Legislative Reduction			(97,482)
Qualifying Expenditures	(530,467)	(104,140)	
Balance June 30, 2001	<u>(\$228,247)</u>		<u>\$67,853</u>
Cash Balance Carried Forward to FY 2002			<u>\$67,853</u>

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

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

Expenditures for the Capital Acquisition Reserve were \$1,636,747 which exceeded the required set-aside. The School District had offsets and qualifying disbursements during the year that reduced the set-aside amounts to below zero. The negative amounts may be used to offset future year textbook set aside requirements; however, they not be used to reduce future capital set aside requirements.

15. INSURANCE

The School 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 percent coinsured.

16. WORKERS COMPENSATION

The School District participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect and the Immediate Past President of the Ohio School Boards Association. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. 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 GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

17. CONTINGENT LIABILITIES

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time; although management expects such amounts, if any, to be immaterial.

The School District is unaware of any other contingent liabilities at this time.

18. HEALTH INSURANCE

The School 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 School District pays premiums to the Association based upon the benefits structure selected. The Association Trust Agreement provides that the Association will be self-sustaining through member premiums and will reinsure through commercial companies for specific claims in excess of \$100,000 and aggregate claims in excess of 120 percent of expected claims.

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

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

19. JOINTLY GOVERNED ORGANIZATIONS

Northern Ohio Educational Computer Association - The Northern Ohio Educational Computer Association (NOECA) is a jointly governed organization among thirty-eight 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 district is limited to its representation on the Board. The District paid \$11,285 to NOECA in fiscal year 2001 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.

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 \$47,502 to Bay Area Council during fiscal year 2001 for gas usage and related fees. Financial information can be obtained from the Erie County Educational Service Center, who serves as fiscal agent, 2902 Columbus Avenue, Sandusky, Ohio 44870.

Northwest Ohio Educational Research Council - 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 District, 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.

20. RELATED ORGANIZATION

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

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

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

of Education, however the School District does not exercise significant influence over its daily operation, participate in fiscal management or scope of public service, provide financial support, or hold accountability for fiscal matters. Financial information can be obtained by contacting Laurel A. Hendricks, Treasurer, 222 W. Buckeye Street, Clyde, Ohio 43410.

21. STATE SCHOOL FUNDING DECISION

On September 6, 2001, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision identified aspects of the current plan that require modification if the plan is to be considered constitutional, including:

- A change in the school districts that are used as the basis for determining the base cost support amount. Any change in the amount of funds distributed to school districts as a result of the change must be retroactive to July 1, 2001, although a time line for distribution is not specified.
- Fully funding parity aid no later than the beginning of fiscal year 2004 rather than fiscal year 2006.

The Supreme Court relinquished jurisdiction over the case based on anticipated compliance with its order.

In general, it is expected that the decision would result in an increase in State funding for most Ohio school districts. However, as of December 20, 2001, the Ohio General Assembly is still analyzing the impact the Supreme Court decision will have on funding for individual school districts. Further, the State of Ohio, in a motion filed September 17, 2001, asked the Court to reconsider and clarify the parts of the decision changing the school districts that are used as the basis for determining the base cost support amount and the requirement that changes be made retroactive to July 1, 2001.

On November 2, 2001, the Court granted this motion for reconsideration. The Court may re-examine and redetermine any issue upon such reconsideration.

As of the date of these financial statements, the School District is unable to determine what effect, if any, this decision and the reconsideration will have on its future State funding and its financial operations.

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

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2001**

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number
UNITED STATES DEPARTMENT OF AGRICULTURE		
<i>Passed Through Ohio Department of Education:</i>		
<u>Nutrition Cluster:</u>		
Food Distribution Program		10.550
National School Lunch Program	045302 04 PU	10.555
Total Department of Agriculture - Nutrition Cluster		
UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES		
<i>Passed Through Ohio Department of Mental Retardation and Developmental Disabilities</i>		
Medical Assistance Program	-	93.778
Total United States Department of Health and and Human Services - Dependent Care Plan Subsidy		
UNITED STATES DEPARTMENT OF EDUCATION		
<i>Passed Through Ohio Department of Education:</i>		
Special Education Grants to States (IDEA Part B)	045302 6B-SF	84.027
Total Special Education		
Grants to Local Educational Agencies (ESEA Title I)	045302 C1-S1	84.010
Eisenhower Professional Development	045302 MS-S1	84.281
Title VI-R Class Size Reduction	045302 CR-S1	84.340
Innovative Educational Program Strategies	045302 C2-S1	84.298
Safe and Drug Free	045302 DR-S1	84.186
Technology Literacy Challenge Act Grant	045302 TF-32	84.318
Total Department of Education		

Totals

The accompanying notes are an integral part of this schedule.

<u>Receipts</u>	<u>Non-Cash Receipts</u>	<u>Disbursements</u>	<u>Non-Cash Disbursements</u>
	\$56,246		\$56,202
<u>\$142,209</u>		<u>\$142,209</u>	
<u>142,209</u>	<u>56,246</u>	<u>142,209</u>	<u>56,202</u>
<u>5,160</u>		<u>5,160</u>	
<u>5,160</u>		<u>5,160</u>	
<u>116299</u>		<u>155730</u>	
<u>116299</u>		<u>155730</u>	
155478		145218	
7275		5803	
34623		26631	
14157		12441	
6245		11941	
		62500	
<u>334077</u>		<u>420264</u>	
<u>\$481,446</u>	<u>\$56,246</u>	<u>\$567,633</u>	<u>\$56,202</u>

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

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FISCAL YEAR ENDED JUNE 30, 2001**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - FOOD DISTRIBUTION

Non-monetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2001, the School District had no significant food commodities in inventory.

NOTE C - MATCHING REQUIREMENTS

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



STATE OF OHIO
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JIM PETRO, AUDITOR OF STATE

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Facsimile 419-245-2484
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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON
INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS**

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

To the Board of Education:

We have audited the financial statements of Clyde-Green Springs Exempted Village School District as of and for the year ended June 30, 2001, and have issued our report thereon dated December 20, 2001. 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 *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on 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 such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2001-10172-001 and 2001-10172-002. We also noted certain immaterial instances of noncompliance that we have reported to management of the School District in a separate letter dated December 20, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the School District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. A reportable condition is described in the accompanying schedule of findings as item 2001-10172-003.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is not a material weakness. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the School District in a separate letter dated December 20, 2001.

This report is intended for the information and use of the audit committee, management, Board of Education, federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

December 20, 2001



STATE OF OHIO
OFFICE OF THE AUDITOR
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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO MAJOR FEDERAL PROGRAMS AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

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

To the Board of Education:

Compliance

We have audited the compliance of Clyde-Green Springs Exempted Village School District with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2001. The School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the School District's management. Our responsibility is to express an opinion on the School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits 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 obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the School District's compliance with those requirements.

In our opinion, the School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2001.

Internal Control Over Compliance

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

Clyde-Green Springs Exempted Village School District
Sandusky County
Report of Independent Accountants on Compliance with Requirements
Applicable to Major Federal Programs and Internal Control Over
Compliance in Accordance with OMB Circular A-133
Page 2

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

This report is intended for the information and use of the audit committee, management, Board of Education, federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

December 20, 2001

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

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2001**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	Yes
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	CFDA 84.027: Special Education Grants to States (IDEA Part B) CFDA 93.778: Medical Assistance Program
(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**

FINDING NUMBER 2001-10172-001

Ohio Revised Code § 5705.10 requires money paid into a fund must be used only for the purposes for which such fund has been established. A negative fund balance indicates money from one fund was used to cover the expenses of another fund. The following funds had deficit balances throughout the year.

FINDING NUMBER 2001-10172-001

Permanent Improvement Fund
Venture Capital Grant Fund
Student Activities Funds:
- Class of 2002
- Clyde High School Newspaper
- Extended Studies Activities
Athletic Fund
- Golf Fundraisers
Teacher Development Fund
SchoolNet Plus Fund
Title VI-B Eisenhower Grant Fund
Title 1 - Fund
Title 6 Fund

In most cases, the deficits are the result of spending expected revenues prior to actually receiving the funds. The District reviewed negative fund balances at year end and made appropriate transfers or advances from the general fund. It is recommended deficit fund balances be prohibited. Further, transfers or advances should be made prior to fund cash balances becoming deficit.

FINDING NUMBER 2001-10172-002

Ohio Revised Code § 5705.41 (D) states that no subdivision shall make any contract or order any expenditure of money unless the certificate of the fiscal officer is attached. The fiscal officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance. Further, contracts and orders for expenditures lacking prior certification should be null and void.

This section also provides two exceptions to the above requirement:

- A. Then and Now Certificate - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was appropriated and free of any previous encumbrance, the taxing authority may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate, if such expenditure is otherwise valid.
- B. If the amount involved is less than \$1,000 the fiscal officer may authorize it to be paid without the affirmation of the taxing authority, if such expenditure is otherwise valid.

Sixteen percent of the transactions tested were not certified prior to the expenditure or order being placed, and no Then and Now Certificate was issued.

To improve controls over disbursements we recommend all disbursements receive certification of the fiscal officer that the funds are or were available.

FINDING NUMBER 2001-10172-003

Student Activity Budget and Purpose Statements

The Student Activity procedures of the School District included the following weaknesses:

- Forty percent of the student activity files tested did not file budget and purpose statements with the Treasurer for fiscal year 2001. The budget and purpose statement is designed to assist with planning the amount of revenue fund raising activities will generate and to estimate expenditures for the school year. The statement also documents the building principal and superintendent's approval of planned activities.
- Forty percent of the student activity files tested did not file fund raising reports with the Treasurer for fiscal year 2001. The fund raising report is designed to report the cost of items purchased for resale and the amounts received from the sale.
- Student activity events sponsored by the Drama Club, Student Council and Class of 2001 did not use tickets to document admissions to dances and plays. Tickets provide accountability of admissions to events.

Lack of the aforementioned could result in unauthorized activities being planned and asset loss not being detected timely. To improve controls over student activity revenues, the following are recommended:

- Budget and purpose statements should be obtained from each student activity advisor. The advisor should be contacted for each activity for which the advisory does not submit a statement.
- Fund raising reports should be required for each fund-raising activity. The reports should include information regarding sales made at less than the planned charges, returned or damaged items, a comparison of sales to cost of goods sold, and the status of monies for which students still owe.
- Tickets should be used for student activity admissions.

3. FINDINGS FOR FEDERAL AWARDS

None.

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

**CORRECTIVE ACTION PLAN
JUNE 30, 2001**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2001-10172-001	Advances will remain on the books until the fund balance returns to a positive balance	6/30/02	Alan Binger, Treasurer
2001-10172-002	The School District will use Then and Now certificates.	6/30/02	Alan Binger, Treasurer
2001-10172-003	The School District will contact advisors to obtain budget and purpose statements, fund raising reports and will discuss the use of tickets for admission activities.	6/30/02	Alan Binger, Treasurer



STATE OF OHIO
OFFICE OF THE AUDITOR

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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
JANUARY 22, 2002**