

**Green Local School District**  
**Wayne County, Ohio**  
*Audited Financial Statements*

*June 30, 2011*



**Rea & Associates, Inc.**

ACCOUNTANTS AND BUSINESS CONSULTANTS

*Focused on Your Future.*





# Dave Yost • Auditor of State

Board of Education  
Green Local School District  
484 East Main Street  
Smithville, Ohio 44677

We have reviewed the *Independent Auditor's Report* of the Green Local School District, Wayne County, prepared by Rea & Associates, Inc., for the audit period July 1, 2010 through June 30, 2011. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Green Local School District is responsible for compliance with these laws and regulations.

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

Dave Yost  
Auditor of State

November 17, 2011

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**GREEN LOCAL SCHOOL DISTRICT  
WAYNE COUNTY**

**JUNE 30, 2011**

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## Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

*Focused on Your Future.*

To the Board of Education  
Green Local School District  
Smithville, OH 44677

September 30, 2011

### **INDEPENDENT AUDITOR'S REPORT**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Green Local School District (the "School District"), as of and for the year ended June 30, 2011, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *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 opinions.

Ohio Administrative Code § 117-2-03 (B) requires the Government to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. However, as discussed in Note 1, the accompanying financial statements and notes follow the modified cash accounting basis. This is a comprehensive accounting basis other than generally accepted accounting principles. The accompanying financial statements and notes omit assets, liabilities, fund equities, and disclosures that, while material, we cannot determine at this time.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School District, as of June 30, 2011, and the respective changes in modified cash financial position, and the respective budgetary comparison for the General Fund for the year then ended in conformity with the basis of accounting Note 1 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 30, 2011, 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 grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with "Government Auditing Standards" and should be considered in assessing the results of our audit.

Management's Discussion and Analysis on pages 3 through 9 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of 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 basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

*Rea & Associates, Inc.*



**Green Local School District (Wayne County, Ohio)**

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2011*

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The discussion and analysis of the Green Local School District's (the School District's) financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2011. The intent of this discussion and analysis is to look at the School District's performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

***Financial Highlights***

Key Financial Highlights for 2011 are as follows:

- General Receipts accounted for \$23.9 million in revenue or 89% of all receipts. Program specific receipts in the form of charges for services and sales, and operating grants and contributions accounted for approximately \$3.1 million or 11% of total receipts of \$27.0 million.
- Total program disbursements were \$13.0 million in Governmental Activities.
- In total, net assets of Governmental Activities increased \$13,951,747, which represents a 655% increase from 2010.

***Basis of Accounting***

The School District has elected to present its financial statements on the modified cash basis of accounting. This modified cash basis of accounting is a comprehensive basis of accounting other than generally accepted accounting principles. The modified cash basis of accounting involves the measurement of cash, investments, and changes in cash and investments resulting from cash receipts and disbursement transactions.

Essentially, the only assets reported on this strictly cash receipt and disbursement basis presentation in a statement of net assets will be cash and investments. The statement of activities reports cash receipts and disbursements, or in other words, the sources and uses of cash and investments. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the modified cash basis of accounting.

***Reporting the School District as a Whole***

*Statement of Net Assets and the Statement of Activities*

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2011?" The Statement of Net Assets and the Statement of Activities answer this question.

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

**Green Local School District (Wayne County, Ohio)**

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2011*

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In the Statement of Net Assets and the Statement of Activities, the School District activities are listed as Governmental:

- q Governmental Activities – All of the School District's programs and services are reported here, including instruction, support services, food service operation and extracurricular activities.

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

*Fund Financial Statements*

Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the General Fund and the Classroom Facilities Fund.

**Governmental Funds** - Most of the School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using the modified cash basis of accounting. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs.

**Fiduciary Funds** - These funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the School District's own programs. The accounting for the fiduciary funds is much like that used to proprietary funds.

The fiduciary fund financial statement begins on page 15.

**Green Local School District (Wayne County, Ohio)**

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2011*

**The School District as a Whole**

This year's financial statements were prepared on the modified cash basis utilizing the Governmental Accounting Standards Board (GASB) 34 format.

Table 1 provides a summary of the School District's net assets for 2011 compared to 2010.

**(Table 1)  
Net Assets – Modified Cash Basis**

	Governmental Activities	
	2011	Restated 2010
	<u>2011</u>	<u>Restated 2010</u>
<b>Assets</b>		
Equity in Pooled Cash and Investments	\$ 16,081,460	\$ 2,129,713
Total Assets	<u>16,081,460</u>	<u>2,129,713</u>
<b>Net Assets</b>		
Restricted	13,897,528	403,280
Unrestricted	<u>2,183,932</u>	<u>1,726,433</u>
Total Net Assets	<u>\$ 16,081,460</u>	<u>\$ 2,129,713</u>

Net assets of the governmental activities increased \$13,951,747, which represents a 655% increase from fiscal year 2010. This increase is primarily due to a bond issuance. The increase in capital grants is a result of the Ohio School Facilities project beginning in 2011.

Table 2 shows the changes in net assets for fiscal year 2011 and 2010. This will enable the reader to draw further conclusion about the School District's financial status and possible future outcomes.

**(Table 2)  
Changes in Net Assets**

	2011	Restated 2010
	<u>2011</u>	<u>Restated 2010</u>
<b>Receipts</b>		
<i>Program Receipts:</i>		
Charges for Services	\$ 1,247,883	\$ 1,226,048
Operating Grants	725,243	762,826
Capital Grants	1,108,883	0
<i>General Receipts:</i>		
Property Taxes	4,180,503	3,873,889
Grants and Entitlements, not restricted	6,574,816	6,223,642
General Obligation Bonds Issued	12,949,998	0
Other	<u>214,363</u>	<u>37,668</u>
Total Receipts	<u>27,001,689</u>	<u>12,124,073</u>
<b>Program Disbursements</b>		
Instruction	6,759,635	6,630,799
Support Services	3,665,370	3,797,128
Extracurricular Activities	459,008	559,323
Capital Outlay	984,487	96,062
Debt Service	841,108	116,629
Food Services	<u>340,334</u>	<u>306,672</u>
Total Disbursements	<u>13,049,942</u>	<u>11,506,613</u>
Increase in Net Assets	<u>\$ 13,951,747</u>	<u>\$ 617,460</u>

**Green Local School District (Wayne County, Ohio)**

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2011*

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**Governmental Activities**

The School District has carefully planned its financial existence by forecasting its receipts and disbursements over the next five years. In November of 2005, the School District successfully passed an additional five year \$500,000 emergency levy. The School District has 37.65 mills in continuing operating levies reduced to 16.21 effective mills for Class I residential/agricultural real estate property.

Although the School District relies heavily upon state foundation revenue and local property taxes to support its operations, the School District does actively solicit and receive additional grant and entitlement funds to help offset some operating costs.

The Statement of Activities shows the cost of program services and the charges for services and grants off setting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements. All governmental activity had total receipts of \$26.8 million and disbursements of \$13 million.

**Table (3)  
Governmental Activities**

	2011		2010 - Restated	
	Total Cost of Service	Net Cost of Service	Total Cost of Service	Net Cost of Service
Instruction	\$ 6,759,635	\$ (5,453,456)	\$ 6,630,799	\$ (5,460,241)
Support Services:				
Pupil and Instructional Staff	791,448	(688,208)	754,814	(607,185)
Board of Education, Administration, and Fiscal	1,494,870	(1,489,870)	1,439,537	(1,380,495)
Operation and Maintenance of Plant	727,538	(702,643)	803,918	(792,297)
Pupil Transportation and Central	651,514	(641,862)	798,859	(785,141)
Extracurricular Activities	459,008	(316,003)	559,323	(313,797)
Capital Outlay	984,487	124,396	96,062	(96,062)
Repayment of Debt	841,108	(841,108)	116,629	(116,629)
Food Service Operations	340,334	40,821	306,672	39,849
Total	<u>\$ 13,049,942</u>	<u>\$ (9,967,933)</u>	<u>\$ 11,506,613</u>	<u>\$ (9,511,998)</u>

Property taxes made up 15.6% of total receipts for governmental activities for Green Local School District in fiscal year 2011. Program receipts for governmental activities provided 11% of governmental receipts with over 89% of all governmental activities supported through property taxes, grants and entitlements, and other general receipts. The 25% provided by the grants and entitlements portion of general receipts includes monies received from the Ohio Department of Education State Foundation Program, and property tax relief, such as the homestead exemptions and rollbacks, provided by HB920. The community, through its willingness to provide property tax revenues and educational support for students, is a strong supporter for Green Local School District students, but this low wealth district depends heavily on financial support from the State of Ohio through its basic per pupil and Parity Aide funding.

**Green Local School District (Wayne County, Ohio)**

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2011*

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***General Fund Budgeting Highlights***

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

During the course of fiscal year 2011, there were minor amendments to the School District's total general fund budget. The School District uses site-based budgeting and the budgeting system which are designed to tightly control total site budgets but provide flexibility for site management.

For the general fund, final budgeted receipts and other financing sources were \$10.4 million, below original budget estimates of \$10.6 million. The actual receipts and other financing sources were \$10.3 million, which was in line with the final budget.

General fund original appropriations and other financing uses of \$10.2 million were slightly lower than final appropriations of \$10.4 million. The actual budget basis disbursements and other financing uses for fiscal year 2011 totaled \$9.9 million. The actual disbursements were lower than anticipated due to cut backs.

***Debt***

At June 30, 2011, the School District had paid off the \$105,383 in long term notes. During fiscal year 2011, the District issued \$12,949,998 in governmental obligation bonds. Table 5 summarizes notes outstanding.

**(Table 5)  
Outstanding Debt, at June 30**

	<u>2011</u>	<u>2010</u>
General Obligation Notes:		
Energy Conservation	\$ 0	\$ 105,383
Governmental Obligation Bonds:		
Build America Bonds	7,070,000	0
Qualified School Construction Bonds	5,570,000	0
Tax-Exempt Bonds	309,998	0
Total Bonds	<u>12,949,998</u>	<u>0</u>
Total Outstanding Debt	<u>\$ 12,949,998</u>	<u>\$ 105,383</u>

The proceeds of the 1999 issuance of notes were utilized for HB 264 Energy Conservation projects including the replacement of high school boilers and lighting.

The \$12,949,998 in voted Classroom Facilities and School Improvement bonds were issued for the purpose of financing their Ohio School Facilities Project. See Note 10 for additional information regarding debt.

***Current Issues***

Through the implementation of a strategic planning initiative, Green Local Schools' administration, teaching and non-teaching staff, parents, students and community partners have embraced the vision to

**Green Local School District (Wayne County, Ohio)**

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2011*

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become the “school system of choice” for all students. The School District’s mission reflects the partnership with families and community to prepare students for lifelong personal development.

The following goals will drive the decision making process in the School District:

- Green Local Schools will annually examine current educational programming utilizing data analysis, review best practices and implement appropriate changes;
- Green Local Schools will hire, maintain and retain high quality employees;
- The School District will establish communication among all stakeholders to achieve at least a 75% (revised annually) satisfaction rating;
- Green Local will achieve financial stability through the appropriate use of human and other resources while remaining educationally sound;

The School District is utilizing the above goals and related action plan steps to continue the process of being at the forefront of education in Wayne County. The School District initiated a “content management” website which allows for better continuity of each building’s presence on the web, posting of information for the community and gaining stakeholder feedback. The School District is at the forefront of using “Scodle”, a web link for teachers to post files, messages, homework assignments, blogs, quizzes, and more, for student access on the web. Parents are encouraged to view their students’ progress and grades through online access of ProgressBook. Workbook fees can now be paid by parents over the Internet using EZpay. Central office records are being stored electronically through the use of scanners and records imaging software. The treasurer has established a Finance Team made up of community members. This team acts in an advisory capacity to the Board and administrators and meets monthly during the school year.

The 2010 - 2011 School District report card, as reported by the Ohio Department of Education, shows Green Local Schools as “Excellent” having achieved 24 out of 26 indicators with a Performance Index of 98.7%. This is an increase from the “Effective” status the District achieved for the 2009-2010 school year.

State funding of public education continues to be problematic. The School District faces declining enrollment of resident students while incoming open enrollment of students has increased slightly. This has caused the School District to become reliant on the state’s “transitional aid” guarantee, which maintains the state’s funding at 2008 levels. The State of Ohio changed the funding formula again in biannual budget approved in June 2011. The new formula has not yet been presented by the Governor. However, due to the financial status of the State of Ohio, any increase or decrease was capped.

In the fall of 2009, the School District voters supported the renewal of an Emergency Levy in the amount of \$500,000 for seven years. A second emergency levy in the amount of \$850,000 expires in 2011. The Green Local Board of Education has authorized this renewal levy to be placed on the November 2, 2010 ballot for a term of ten years. The voters of Green Local School District passed this renewal by a margin of 54.7%.

On May 4, 2010, the voters of the Green Local School District passed a 4.75 mill bond issue by a margin of 54%. This enables the School District to go forth with the Ohio Schools Facilities Project which will provide new school buildings for all grade levels in the School District. The state’s share, 65%, represents \$21,400,073 while the School District’s share will be \$11,523,117 excluding local initiatives. It is anticipated that groundbreaking will take place in the spring of 2012 with estimated completion in the fall of 2014.

**Green Local School District (Wayne County, Ohio)**

*Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2011*

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***Contacting the School District's Financial Management***

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Mark Dickerhoof, Treasurer of Green Local School District, Post Office Box 438, Smithville, OH 44677.

**Green Local School District (Wayne County, Ohio)**  
*Statement of Net Assets - Modified Cash Basis*  
*June 30, 2011*

	Governmental Activities
<b>Assets</b>	
Equity in Pooled Cash and Investments	\$ 16,081,460
<i>Total Assets</i>	16,081,460
 <b>Net Assets</b>	
Restricted for:	
Debt Service	140,631
Capital Projects	13,493,553
Other Purposes	263,344
Unrestricted	2,183,932
<i>Total Net Assets</i>	\$ 16,081,460

See accompanying notes to the basic financial statements.



**Green Local School District (Wayne County, Ohio)**  
*Statement of Activities - Modified Cash Basis*  
For the Fiscal Year Ended June 30, 2011

	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services and Sales	Operating Grants, Contributions and Interest	Capital Grants, Contributions and Interest	Governmental Activities
<b>Governmental Activities</b>					
Instruction:					
Regular	\$ 5,500,348	\$ 879,376	\$ 56,984	\$ 0	\$ (4,563,988)
Special	955,873	0	369,819	0	(586,054)
Vocational	195,666	0	0	0	(195,666)
Other	107,748	0	0	0	(107,748)
Support Services:					
Pupils	442,352	0	76,360	0	(365,992)
Instructional Staff	349,096	0	26,880	0	(322,216)
Board of Education	49,831	0	0	0	(49,831)
Administration	1,114,986	0	5,000	0	(1,109,986)
Fiscal	330,053	0	0	0	(330,053)
Operation and Maintenance of Plant	727,538	24,895	0	0	(702,643)
Pupil Transportation	552,742	0	0	0	(552,742)
Central	98,772	0	9,652	0	(89,120)
Food Service Operations	340,334	231,231	149,924	0	40,821
Extracurricular Activities	459,008	112,381	30,624	0	(316,003)
Capital Outlay	984,487	0	0	1,108,883	124,396
Debt Service:					
Principal	163,555	0	0	0	(163,555)
Interest and Fiscal Charges	492,195	0	0	0	(492,195)
Bond Issuance Costs	185,358	0	0	0	(185,358)
<i>Total Governmental Activities</i>	<u>\$ 13,049,942</u>	<u>\$ 1,247,883</u>	<u>\$ 725,243</u>	<u>\$ 1,108,883</u>	<u>(9,967,933)</u>

**General Receipts**

Property Taxes Levied for:

General Purposes	3,691,042
Debt Service	297,728
Capital Outlay	191,733
General Obligation Bonds Issued	12,949,998
Premium on Bonds Issued	188,154
Grants and Entitlements not Restricted to Specific Programs	6,574,816
Investment Earnings	5,285
Miscellaneous	20,924
<i>Total General Receipts</i>	<u>23,919,680</u>

*Change in Net Assets* 13,951,747

*Net Assets Beginning of Year - Restated (Note 16)* 2,129,713  
*Net Assets End of Year* \$ 16,081,460

**Green Local School District (Wayne County, Ohio)**

*Balance Sheet - Modified Cash Basis*

*Governmental Funds*

*June 30, 2011*

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	<u>General</u>	<u>Classroom Facilities Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Assets</b>				
Equity in Pooled Cash and Investments	\$ 2,240,140	\$ 12,203,115	\$ 1,638,205	\$ 16,081,460
<i>Total Assets</i>	<u>2,240,140</u>	<u>12,203,115</u>	<u>1,638,205</u>	<u>16,081,460</u>
<b>Fund Balances</b>				
Restricted	60,671	12,203,115	1,616,567	13,880,353
Committed	25,660	0	21,638	47,298
Assigned	70,785	0	0	70,785
Unassigned	2,083,024	0	0	2,083,024
<i>Total Fund Balances</i>	<u>\$ 2,240,140</u>	<u>\$ 12,203,115</u>	<u>\$ 1,638,205</u>	<u>\$ 16,081,460</u>

See accompanying notes to the basic financial statements.

**Green Local School District (Wayne County, Ohio)**  
*Statement of Cash Receipts, Disbursements and Changes in Fund Balances - Modified Cash Basis*  
*Governmental Funds*  
*For the Fiscal Year Ended June 30, 2011*

	General	Classroom Facilities Fund	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>				
Taxes	\$ 3,691,042	\$ 0	\$ 489,461	\$ 4,180,503
Intergovernmental	5,730,851	1,052,730	1,477,584	8,261,165
Investment Income	5,285	32,789	3,525	41,599
Tuition and Fees	792,569	0	12,855	805,424
Extracurricular Activities	0	0	166,683	166,683
Charges for Services	19,079	0	231,232	250,311
Rentals	10,933	0	0	10,933
Gifts and Donations	59,014	0	47,038	106,052
Miscellaneous	18,185	0	19,943	38,128
<i>Total Receipts</i>	<u>10,326,958</u>	<u>1,085,519</u>	<u>2,448,321</u>	<u>13,860,798</u>
<b>Disbursements</b>				
Current:				
Instruction:				
Regular	5,367,254	0	133,094	5,500,348
Special	599,113	0	356,760	955,873
Vocational	195,666	0	0	195,666
Other	102,998	0	4,750	107,748
Support Services:				
Pupils	302,916	0	139,436	442,352
Instructional Staff	293,516	0	55,580	349,096
Board of Education	45,073	0	4,758	49,831
Administration	828,597	0	286,389	1,114,986
Fiscal	299,042	0	31,011	330,053
Operation and Maintenance of Plant	722,232	0	5,306	727,538
Pupil Transportation	552,742	0	0	552,742
Central	41,097	0	57,675	98,772
Food Service Operations	0	0	340,334	340,334
Extracurricular Activities	303,330	0	155,678	459,008
Capital Outlay	78,194	405,521	500,772	984,487
Debt Service:				
Principal Retirement	58,172	0	105,383	163,555
Interest and Fiscal Charges	6,902	0	485,293	492,195
Bond Issuance Costs	0	0	185,358	185,358
<i>Total Disbursements</i>	<u>9,796,844</u>	<u>405,521</u>	<u>2,847,577</u>	<u>13,049,942</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	530,114	679,998	(399,256)	810,856
<b>Other Financing Sources (Uses)</b>				
Advances In	10,283	0	29,324	39,607
General Obligations Bonds Issued	0	11,523,117	1,426,881	12,949,998
Premium on Bonds Issued	0	0	188,154	188,154
Refund of Prior Year Expenditures	2,634	0	105	2,739
Advances Out	(29,324)	0	(10,283)	(39,607)
<i>Total Financing Sources and (Uses)</i>	<u>(16,407)</u>	<u>11,523,117</u>	<u>1,634,181</u>	<u>13,140,891</u>
<i>Net Change in Fund Balance</i>	513,707	12,203,115	1,234,925	13,951,747
<i>Fund Balance at Beginning of Year - Restated (Note 16)</i>	1,726,433	0	403,280	2,129,713
<i>Fund Balance at End of Year</i>	<u>\$ 2,240,140</u>	<u>\$ 12,203,115</u>	<u>\$ 1,638,205</u>	<u>\$ 16,081,460</u>

See accompanying notes to the basic financial statements.

**Green Local School District (Wayne County, Ohio)**  
*Statement of Cash Receipts, Disbursements, and Changes in Fund Balance -*  
*Budget and Actual - Budget Basis*  
*General Fund*  
*For the Fiscal Year Ended June 30, 2011*

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>Receipts:</b>				
Taxes	\$ 3,795,415	\$ 3,727,697	\$ 3,691,042	\$ (36,655)
Intergovernmental	5,891,121	5,786,012	5,730,851	(55,161)
Investment Income	5,308	5,214	5,285	71
Tuition and Fees	814,289	799,760	792,569	(7,191)
Charges for Services	19,110	18,769	19,079	310
Rent	11,678	11,470	10,933	(537)
Gifts and Donations	60,514	59,435	59,014	(421)
Miscellaneous	19,110	18,769	18,185	(584)
<i>Total Revenues</i>	<u>10,616,545</u>	<u>10,427,125</u>	<u>10,326,958</u>	<u>(100,167)</u>
<b>Disbursements:</b>				
<b>Current:</b>				
Instruction	6,534,381	6,604,385	6,278,603	325,782
Support Services:				
Pupils	317,273	320,672	305,181	15,491
Instructional Staff	313,166	316,521	300,976	15,545
Board of Education	54,419	55,002	52,723	2,279
Administration	866,596	875,880	832,872	43,008
Fiscal	314,192	317,558	301,863	15,695
Operation and Maintenance of Plant	839,900	848,898	807,299	41,599
Pupil Transportation	588,341	594,644	565,491	29,153
Central	43,124	43,586	41,097	2,489
Extracurricular Activities	315,219	318,596	303,330	15,266
Capital Outlay	81,115	81,984	78,194	3,790
<i>Total Disbursements</i>	<u>10,267,726</u>	<u>10,377,726</u>	<u>9,867,629</u>	<u>510,097</u>
Excess of Receipts Over (Under) Disbursements	348,819	49,399	459,329	409,930
<b>Other Financing Sources (Uses):</b>				
Advances In	22,909	10,283	10,283	0
Refund of Prior Year Expenditures	2,104	2,634	2,634	0
Advance Out	(1,829)	(1,829)	(29,324)	(27,495)
<i>Total Other Financing Sources (Uses)</i>	<u>23,184</u>	<u>11,088</u>	<u>(16,407)</u>	<u>(27,495)</u>
<i>Net Change in Fund Balance</i>	372,003	60,487	442,922	382,435
<i>Fund Balance at Beginning of Year</i>	1,715,878	1,715,878	1,715,878	0
Prior Year Encumbrances Appropriated	10,555	10,555	10,555	0
<i>Fund Balance at End of Year</i>	<u>\$ 2,098,436</u>	<u>\$ 1,786,920</u>	<u>\$ 2,169,355</u>	<u>\$ 382,435</u>

See accompanying notes to the basic financial statements.

**Green Local School District (Wayne County, Ohio)**  
*Statement of Fiduciary Net Assets - Modified Cash Basis*  
*Fiduciary Funds*  
*June 30, 2011*

	Private Purpose Trust	Agency
<b>Assets</b>		
Equity in Pooled Cash and Investments	\$ 41,587	\$ 68,783
<i>Total Assets</i>	41,587	68,783
<b>Net Assets</b>		
Held in Trust for Scholarships	41,587	0
Held in Trust for Student Activities	0	68,783
<i>Total Net Assets</i>	\$ 41,587	\$ 68,783

See accompanying notes to the basic financial statements.

**Green Local School District (Wayne County, Ohio)**  
*Statement of Changes in Fiduciary Net Assets - Modified Cash Basis*  
*Fiduciary Funds*  
*June 30, 2011*

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	<u>Private Purpose Trust</u>
<b>Additions</b>	
Gifts and Donations	\$ 3,820
Interest	<u>470</u>
<b>Total Additions</b>	4,290
 <b>Deductions</b>	
Payments in Accordance with Trust Agreements	<u>5,775</u>
<b>Total Deductions</b>	<u>5,775</u>
 <i>Change in Net Assets</i>	 (1,485)
 <i>Net Assets - Beginning of Year - Restated (Note 16)</i>	 <u>43,072</u>
 <i>Net Assets - End of Year</i>	 <u><u>\$ 41,587</u></u>

See accompanying notes to the basic financial statements.

**Green Local School District (Wayne County, Ohio)**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011*

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**Note 1 – Description of the School District**

The Green Local School District (the "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. The School District is a local district as defined by Section 3311.03 of the Ohio Revised Code. The School District operates under a locally-elected five member board form of government and provides educational services as authorized and mandated by state and federal agencies. Average daily membership on, or as of, October 1, 2010, was 1,261. The School District employs 91 certificated and 52 non-certificated employees.

***Reporting Entity***

A reporting entity is comprised of the primary government, component units and other organizations that are included to ensure that the financial statements are not misleading. The primary government of the School District consists of all funds, departments, boards and agencies that are not legally separate from the School District. For the School District, this includes general operations, food service and student related activities.

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 organization's 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 organization's 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 School District in that the School District approves the budget, the issuance of debt or the levying of taxes for the organization. The School District has no component units.

The School District is associated with two organizations which are defined as jointly governed organizations. These organizations include the Tri-County Computer Services Association and the Portage County School Consortium. These organizations are presented in Note 13 of the basic financial statements.

Management believes the financial statements included in the report represent all of the funds of the School District over which the School District has the ability to exercise direct operating control.

**Note 2 – Summary of Significant Accounting Policies**

***A. Basis of Presentation***

Although required by Ohio Administrative Code Sections 117-2-03(B) to prepare its annual financial report in accordance with generally accepted accounting principles (GAAP), the School District chooses to prepare its financial statements and notes in accordance with the modified cash accounting basis. This basis of accounting is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when cash is received rather than when earned, and disbursements are recognized when cash is paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, in accordance with the basis of accounting described in the preceding paragraph.

**Green Local School District (Wayne County, Ohio)**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2011*

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Budgetary presentations report budgetary disbursements when a commitment is made (i.e., when an encumbrance is approved). Differences between disbursements reported in the government-wide and fund financial statements versus budgetary disbursements result from encumbrances outstanding at the beginning and end of the fiscal year.

***Government-wide Financial Statements*** The statement of net assets and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The effect of interfund activity within governmental types activities columns have been removed from this statement.

The statement of net assets presents the financial condition of the governmental activities of the School District at year-end. The statement of activities presents a comparison between direct disbursements and program receipts for each program or function of the School District's governmental activities. Direct disbursements are those that are specifically associated with a service, program or department, and therefore, clearly identifiable to a particular function. Program receipts include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Receipts which are not classified as program receipts are presented as general receipts of the School District, with certain limitations. The comparison of direct disbursements with program receipts identifies the extent to which governmental function is self-financing or draws from the general resources of the School District.

***Fund Financial Statements*** During the year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

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

- a. Non-spendable - The non-spendable classification includes amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact. The "not in spendable form" includes items that are not expected to be converted to cash.
- b. Restricted - Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or is imposed by law through constitutional provisions.
- c. Committed - The committed classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the Board of Education. The committed amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.



**Green Local School District (Wayne County, Ohio)**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2011*

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- d. Assigned - Amounts in the assigned classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds, other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Board of Education.
- e. Unassigned - Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

***B. Fund Accounting***

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

***Governmental Funds*** Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. The following are the School District's major governmental funds:

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

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

The other governmental funds of the School District account for grants and other resources whose use is restricted to a particular purpose.

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

***C. Cash and Investments***

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

**Green Local School District (Wayne County, Ohio)**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2011*

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During fiscal year 2011, the School District's investments included nonnegotiable certificates of deposit, US Treasury/Agency bonds, money market accounts and State Treasury Asset Reserve of Ohio (STAROhio).

STAROhio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAROhio 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 STAROhio are valued at STAROhio's share price, which is the price the investment could be sold for on June 30, 2011.

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 presented on the financial statements as "equity in pooled cash and investments". Investments with an original maturity of more than three months that are not made from the pool are reported as "investments".

Following Ohio statutes, the Board of Education has, by resolution, identified the funds to receive an allocation of interest. Interest revenue credited to the general fund during fiscal year 2011 amounted to \$5,285, which includes \$4,141 assigned from other School District funds.

***D. Restricted Assets***

Assets are reported as restricted when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. Restricted assets include amounts required by statute to be set aside for the purchase of textbooks and capital improvements. See Note 15 for additional information regarding set-asides.

***E. Capital Assets***

Acquisitions of capital assets are recorded as disbursements when paid. The financial statements do not report these assets.

***F. Compensated Absences***

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the modified cash basis of accounting used by the School District.

***G. Accrued Liabilities and Long-term Obligations***

Under Ohio law, a debt service fund must be created and used for the payment of tax and receipt anticipation notes. Long-term debt arising from cash basis transactions of governmental funds is not reported as a liability in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as disbursements.

The School District's modified cash basis financial statements do not report liabilities for bonds and other long-term obligations. Proceeds of debt are reported when cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not a cash transaction, neither an other financing source nor a capital outlay expenditure are reported at inception. Lease payments are reported when made.

**Green Local School District (Wayne County, Ohio)**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2011*

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***H. Interfund Activity***

During the course of normal operations, the School District has numerous transactions between funds. The most significant include:

1. Transfers of resources from one fund to another fund through which resources to be expended are recorded as transfers.
2. Reimbursements from one fund to another are treated as disbursements in the reimbursing fund and a reduction in disbursements in the reimbursed fund.
3. The School District reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

***I. Extraordinary and Special Items***

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

***J. Budgetary Data***

All funds, other than agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2011.

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

***Encumbrances*** As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are recorded as the equivalent of disbursements on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. Disbursements plus encumbrances may not legally exceed appropriations. Encumbrances outstanding at fiscal year-end are reported as an assigned fund balance for subsequent-year disbursements for governmental funds and reported in the notes to the financial statements for proprietary funds.

**Green Local School District (Wayne County, Ohio)**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2011*

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***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 appropriation. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated.

**Note 3 – Accountability and Compliance**

Ohio Administrative Code Section 117-2-03(B) requires the School District to prepare its annual financial report in accordance with generally accepted accounting principles. For fiscal year 2011, the School District prepared its financial report on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. This financial report omits assets, liabilities, fund equities and disclosures that, while material, cannot be determined at this time.

The Green Local Board of Education recognizes the value in preparing accurate and timely financial statements to reflect the School District's operations as of fiscal year end. Due to the cost requirement of preparing these financial statements according to generally accepted accounting principles (GAAP), the Board has determined that preparing year end statements on a modified cash basis of accounting will accurately reflect the School District's financial position and allow for those resources previously spent on GAAP to be allocated to education purposes.

**Note 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 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 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 invested in the following obligations provided they mature or are redeemable within five years from the date of settlement:

1. United States Treasury bills, notes, bonds, or any other obligations or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;

**Green Local School District (Wayne County, Ohio)**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011*

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2. Bonds, notes, debentures, or other obligations or securities issued by any federal government agency or instrumentality;
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% and be marked to market daily, and the term of the agreement must not exceed 30 days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in item (1) or (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAROhio);
7. Certain bankers' acceptances and commercial paper notes in an amount not to exceed 25% of the interim moneys available for investment at any one time; and
8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the 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.

Custodial credit risk is the risk that in the event of bank failure, the government's deposits may not be returned to it. Protection of the School District's cash and deposits is provided by the Federal Deposit Insurance Corporation, as well as qualified securities pledged by the institution holding the assets. By law, and per School District policy, financial institutions must collateralize all uninsured public deposits. The face value of the pooled collateral must equal at least 105 percent public funds deposited. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions.

**Deposits** - At fiscal year-end, the carrying amount of the School District's deposits was \$1,918,799 and the bank balance was \$1,798,782. As of June 30, 2011, \$1,651,568 of the bank balance was covered by Federal Depository Insurance. The remaining bank balance of \$147,214 was collateralized but uninsured.

**Green Local School District (Wayne County, Ohio)**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2011*

**Investments** – Investments are reported at cost. STAROhio is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form. As of June 30, 2011, the School District had the following investments and maturity:

<b>Rating by Standard and Poor</b>	<b>Entity</b>	<b>Fair Market Value</b>	<b>Investment Maturities in years (0-1)</b>	<b>Investment Maturities in years (1-5)</b>	<b>Percentage of Total Investment</b>
AAAm	STAROhio	\$ 3,226,137	\$ 3,226,137	\$ 0	22.60%
AAAm	Money Market	521,950	521,950	0	3.66%
AAA	Federal Farm Credit	1,509,910	0	1,509,910	10.58%
AAA	Federal Home Loan Bank Federal National Mortgage Association	4,012,185	0	4,012,185	28.11%
AAA	Federal Home Loan Mortgage Corporation	4,502,805	0	4,502,805	31.55%
AAA		500,090	0	500,090	3.50%
		<u>\$ 14,273,077</u>	<u>\$ 3,748,087</u>	<u>\$ 10,524,990</u>	<u>100.00%</u>

The market value exceeds the carrying value by \$46.

**Interest Rate Risk** – The Ohio Revised Code generally limits security purchases to those that mature within five years of the settlement date. The School District’s policy indicates that the investments must mature within five years, unless matched to a specific obligation or debt of the School District.

**Custodial Credit Risk** - For an investment, custodial risk is that risk that, in the event of the failure of the counterparty, the School District will no longer be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The School District has no investment policy dealing with investment custodial risk beyond the requirement in State statute that prohibits payment for investments prior to the delivery of the securities representing such investments to the Treasurer or qualified trustee.

**Credit Risk** – The School District’s investment credit ratings are summarized above.

**Concentration of Credit Risk** –The School District places no limit on the amount the School District may invest in any one issuer. At June 30, 2011, the School District had investments summarized above in amounts greater than 5 percent of total investments.

**Note 5 – Property Taxes**

Property taxes are levied and assessed on a calendar year basis. First half tax collections are received by the School District in the second half of the fiscal year. Second half distributions occur in a new fiscal year.

Property taxes include amounts levied against all real, public utility and tangible personal (used in business) property located within the School District. Real Property tax revenue received in calendar 2011 represents collections of calendar year 2010 taxes. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternative payment dates to be established.

Public utility property tax revenue received in calendar year 2011 represents collections of calendar year 2010 taxes. Public utility property taxes attached as a lien on December 31 of the prior year, were levied April 1 and are collected with real property taxes. All property is required to be revalued every six years.

**Green Local School District (Wayne County, Ohio)**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011*

Public utility property taxes are assessed at 35 percent of true value and public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenues received in calendar year 2011 (other than public utility property) represent the collection of calendar year 2011 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. The October 2008 tangible personal property tax settlement was the last property tax settlement for general personal property taxes. Tangible personal property taxes received from telephone companies in calendar year 2011 were levied after October 1, 2010, on the value as of December 31, 2010. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the District prior to June 30.

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

The School District receives property taxes from Wayne County. The fiscal officer periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the county by year-end are available to finance the current fiscal year operations. The amount available to be advanced can vary based on the date the tax bills are sent.

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

	2010 Second Half Collections		2011 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$ 129,604,560	97.30%	\$ 130,936,260	97.48%
Public Utility	88,390	0.07%	86,600	0.06%
Tangible Personal Property	3,499,811	2.63%	3,296,110	2.46%
	<u>\$ 133,192,761</u>	<u>100.00%</u>	<u>\$ 134,318,970</u>	<u>100.00%</u>

**Note 6 – Risk Management**

**A. Property and Liability**

The School District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The School District has a comprehensive property and casualty policy with Ohio School Plans. The deductible is \$1,000 per incident on property and equipment. All vehicles are also insured with the Ohio School Plans and have a \$1,000 deductible. All board members, administrators, and employees are covered under a school district liability policy with the Ohio School Plans. The limits of this coverage are \$3,000,000 per occurrence and \$5,000,000 per aggregate. Settled claims have not exceeded this commercial coverage in any of the past three years. All the board members and the superintendent have a \$20,000 position bond with the Travelers Casualty and Surety Company of America. There has been no significant reduction in insurance coverage from the prior year.

**Green Local School District (Wayne County, Ohio)**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2011*

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The treasurer is covered under a surety bond in the amount of \$20,000. This bond is provided by the Travelers Casualty and Surety Company of America.

***B. Workers' Compensation***

Effective calendar year 2010, the School District enrolled in the Ohio School Comp Group rating program. The program is sponsored by the Ohio School Boards Association member districts and the Ohio Association of School Business Officials members. The program provides, through the third party administrator, CompManagement, administrative, training and safety resources for administering the workers' compensation plan for the School District employees. Premiums are calculated on rate per \$100 of payroll. This rate is calculated based upon accident history and administrative costs.

***C. Employee Medical Benefits***

The School District is a member of the Portage Area School Consortium (the Consortium) for health insurance for the School District's employees. The Consortium was established in 1981 so that member educational-service providers in Portage County and others outside the county could manage risk exposures and purchase necessary insurance coverages as a group. The Consortium is organized into two distinct entities to facilitate its risk management operations. The Property and Casualty Insurance Pool functions to manage the member districts' physical property and liability risks. The Health and Welfare Trust is to facilitate the management of risks associated with providing employee benefits, coverages such as health and accident insurance, disability insurance and life insurance. The School District participates in the Health and Welfare Trust. The Consortium retains a third-party administrator to facilitate the operation of the Health and Welfare Trust.

The School District pays all insurance premiums directly to the Consortium. Although the School District recognizes that it retains a contingent liability to provide insurance coverages should the assets of the Consortium become depleted, it is the opinion of management that the assets of the Consortium are sufficient to meet its claims.

**Note 7 – Defined Benefit Pension Plans**

**School Employees Retirement System**

The School District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing, multiple-employer defined benefit pension plan. SERS provides retirement, disability, and survivor 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 supplementary information. That report may be obtained by writing SERS, 300 E. Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling (800) 878-5853, or on their website at [www.ohsers.org](http://www.ohsers.org) under Employers/Audit Resources.

Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The Retirement Board acting with the advice of actuary, allocates the employer contribution rate among four of the funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund) of the System. For fiscal year ending June 30, 2011, the allocation to pension and death



**Green Local School District (Wayne County, Ohio)**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2011*

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benefits is 11.81 percent. The remaining 2.19 percent of the 14 percent employer contribution rate is allocated to the Health Care and Medicare B Funds.

The School District's contributions to SERS for the fiscal years ended June 30, 2011, 2010, and 2009 were \$186,959, \$164,501, and \$119,802, respectively; 39 percent has been contributed for fiscal year 2011 and 100 percent for the fiscal years 2010 and 2009.

**State Teachers Retirement System**

State Teachers Retirement System of Ohio (STRS Ohio) is a cost-sharing, multiple-employer public employee retirement system.

STRS Ohio is a statewide retirement plan for licensed teachers and other faculty members employed in the public schools of Ohio or any school, community school, college, university, institution or other agency controlled, managed and supported, in whole or in part, by the state or any political subdivision thereof.

**Plan Options** – New members have a choice of three retirement plan options. In addition to the Defined Benefit (DB) Plan, new members are offered a Defined Contribution (DC) Plan and a Combined Plan. The DC Plan allows members to allocate all their member contributions and employer contributions equal to 10.5 percent of earned compensation among various investment choices. The Combined Plan offers features of the DC Plan and the DB Plan. In the Combined Plan, member contributions are allocated to investment choices by the member, and employer contributions are used to fund a defined benefit payment at a reduced level from the regular DB Plan. Contributions into the DC Plan and the Combined Plan are credited to member accounts as employers submit their payroll information to STRS Ohio, generally on a biweekly basis. DC and Combined Plan members will transfer to the DB Plan during their fifth year of membership unless they permanently select the DC or Combined Plan.

**DB Plan Benefits** – Plan benefits are established under Chapter 3307 of the Revised Code. Any member may retire who has (i) five years of service credit and attained age 60; (ii) 25 years of service credit and attained age 55; or (iii) 30 years of service credit regardless of age. The annual retirement allowance, payable for life, is the greater of the “formula benefit” or the “money-purchase benefit” calculation. Under the “formula benefit,” the retirement allowance is based on years of credited service and final average salary which is the average of the member's three highest salary years. The annual allowance is calculated by using a base percentage of 2.2 percent multiplied by the total number of years of service credit (including Ohio-valued purchased credit) times the final average salary. The 31<sup>st</sup> year of earned Ohio service credit is calculated at 2.5 percent. An additional one-tenth of a percent is added to the calculation for every year of earned Ohio service over 31 years (2.6 percent for 32 years, 2.7 percent for 33 years and so on) until 100 percent of final average salary is reached. For members with 35 or more year of Ohio contributing service, the first 30 years will be calculated at 2.5 percent instead of 2.2 percent. Under the “money-purchase benefit” calculation, a member's lifetime contributions plus interest at specified rates are matched by an equal amount from other STRS Ohio funds. This total is then divided by an actuarially determined annuity factor to determine the maximum annual retirement allowance.

**DC Plan Benefits** – Benefits are established under Sections 3307.80 to 3307.89 of the Revised Code. For members who select the DC Plan, all member contributions and employer contributions at a rate of 10.5 percent are placed in an investment account. The member determines how to allocate the member and employer money among various investment choices. A member is eligible to receive retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump-sum withdrawal. Employer contributions into members' accounts are vested after the first anniversary of the first day of paid service. Members in the DC Plan who become disabled are entitled only to their

**Green Local School District (Wayne County, Ohio)**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011*

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account balance. If a member dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

**Combined Plan Benefits** – Member contributions are allocated by the member, and employer contributions are used to fund a defined benefit payment. A member's defined benefit is determined by multiplying 1 percent of the member's final average salary by the member's years of service credit. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60. The defined contribution portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50.

A retiree of STRS Ohio or another public retirement system is eligible for reemployment as a teacher following the elapse of two months from the date of retirement. Contributions are made by the reemployed member and employer during the reemployment. Upon termination of reemployment or age 65 whichever comes later, the retiree is eligible for an annuity benefit or equivalent lump-sum payment in addition to the original retirement allowance. A reemployed retiree may alternatively receive a refund of only member contributions with interest before age 65, once employment is terminated.

Benefits are increased annually by 3 percent of the original base amount for DB Plan participants.

The DB and Combined Plans offer access to health care coverage to eligible retirees who participated in the plans and their eligible dependents. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. By Ohio law, health care benefits are not guaranteed.

A DB or Combined Plan member with five or more years' credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of members who die before retirement may qualify for survivor benefits. A death benefit of \$1,000 is payable to the beneficiary of each deceased retired member who participated in the DV Plan. Death benefit coverage up to \$2,000 can be purchased by participants in the DB, DC or Combined Plans. Various other benefits are available to members' beneficiaries.

Chapter 3307 of the Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers.

For the fiscal year ended June 30, 2011, plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations.

The School District's contributions for pension obligations for the fiscal years ended June 30, 2011, 2010 and 2009 were \$660,348, \$626,645, and \$617,208, respectively; 83 percent has been contributed for fiscal year 2011 and 100 percent for fiscal years 2010 and 2009. Contributions to the DC and Combined Plans for fiscal year 2011 were \$1,881 made by the School District and \$1,343 made by the plan members.

Additional information or copies of STRS Ohio's 2010 *Comprehensive Annual Financial Report* can be requested by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling toll-free 1-888-227-7877, or by visiting the STRS Ohio website at [www.strsoh.org](http://www.strsoh.org).

**Green Local School District (Wayne County, Ohio)**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011*

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Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. The Board's liability is 6.2 percent of wages paid. As of June 30, 2011, four of the Board of Education members have elected social security.

**Note 8 – Post Employment Benefits**

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

State Teachers Retirement System

All STRS Ohio retirees who participated in the DB or Combined Plans and their dependents are eligible for health care coverage. The STRS Ohio Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. All benefit recipients pay a portion of the health care cost in the form of a monthly premium. Of the 14 percent employer contribution rate, 1 percent of covered payroll was allocated to post-employment health care for the fiscal years ended June 30, 2011, 2010 and 2009. The 14 percent employer contribution rate is the maximum rate established under Ohio Law. The School District's contributions for post-employment health care for fiscal years ended June 30, 2011, 2010 and 2009 were \$50,796, \$5,921, and \$54,827 respectively.

School Employees Retirement System

In addition to a cost-sharing multiple-employer defined benefit pension plan SERS administers two postemployment benefit plans.

*Medicare Part B Plan*

The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code (ORC) 3309.69. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2011 was \$96.40 for most participants, but could be as high as \$369.10 per month depending on their income. SERS' reimbursement to retirees was \$45.50.

The Retirement Board, acting with the advice of the actuary, allocates a portion of the current employer contribution rate to the Medicare B Fund. For fiscal year 2011, the actuarially required allocation is .76 percent. The School District's contributions for the fiscal years ended June 30, 2011, 2010 and 2009 were \$22,638, \$9,783, and \$9,885, respectively, which equaled the required contributions each year.

*Health Care Plan*

ORC 3309.375 and 3309.69 permit SERS to offer health care benefits to eligible retirees and beneficiaries. SERS' Retirement Board reserves the right to change or discontinue any health plan or program. SERS offers several types of health plans from various vendors, including HMO's, PPO's, Medicare Advantage

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**Green Local School District (Wayne County, Ohio)**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2011*

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and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively.

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

The Health Care Fund was established under, and is administered in accordance with Internal Revenue Code 105(e). Each year after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer 14 percent contribution to the Health Care Fund. For the fiscal year ended June 30, 2011, the health care allocation is 1.43 percent. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. State law provides that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2011, the minimum compensation level was established at \$35,800. The surcharge, added to the unallocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. The School District's contributions assigned to health care for the fiscal years ended June 30, 2011, 2010 and 2009 were \$12,031, \$5,921 and \$54,827, respectively.

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

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

**Note 9 – Other Employee Benefits**

***A. Life Insurance***

The School District provides term life insurance to employees through American United Life Insurance Company in the amount of \$35,000 for all eligible employees, the treasurer has \$50,000 in coverage, and the superintendent has \$200,000 in coverage. Employees with less than an average 25-hour work week are eligible for \$17,500 term life insurance. Term life insurance is provided at a rate of \$.095/\$1,000/month.

***B. Compensated Absences***

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees and administrators, who are contracted to work no less than 12 months, earn 10 to 20 days of vacation per year depending upon length of service. Teachers and Administrators who work less than 12 months do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at a rate of one and one-quarter days per month cumulated to a limit of 250 days. Upon retirement, certified and classified employees with 10 years or more of service to the School District may receive severance for 25 percent of accrued and unused sick leave.

**Green Local School District (Wayne County, Ohio)**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2011*

**Note 10 – Long - Term Obligations**

The changes in the School District's long-term obligations during the year consisted of the following:

	Outstanding 6/30/2010	Additions	Reductions	Outstanding 6/30/2010	Amounts Due in One Year
<b>Governmental Activities:</b>					
Notes Payable:					
HB264 Energy Conservation-5.75%	\$ 105,383	\$ 0	\$ 105,383	\$ 0	\$ 0
Government Obligation Bonds:					
OSFC School Improvement Bonds, 2010 issue					
Build American Bonds - 5.60 - 6.36%	0	7,070,000	0	7,070,000	0
Qualified School Construction Bond - 5.11%	0	5,570,000	0	5,570,000	0
Tax-Exempt Bonds - 1.25 - 1.50%	0	309,998	0	309,998	178,426
Capital Leases	162,652	184,893	58,172	289,373	96,609
Total Long-Term Obligations	<u>\$ 268,035</u>	<u>\$ 13,134,891</u>	<u>\$ 163,555</u>	<u>\$ 13,239,371</u>	<u>\$ 275,035</u>

Notes payable will be paid from tax revenues in the permanent improvement fund. Capital leases will be paid from the general fund. The OSFC School Improvement Bonds will be paid from the bond retirement fund.

In 1999, the School District issued an Energy Conservation Note in the amount of \$324,301 at an interest rate of 5.75%. The note was used to pay the costs of installations, modifications and remodeling of school buildings to conserve energy. The note was repaid in full during fiscal year 2011.

In September 2010, the School District issued \$12,949,998 in voted Classroom Facilities and School Improvement bonds for the purpose of financing their Ohio School Facilities Project which will build one new K-12 School. The bond issue consists of \$7,070,000 in Build America bonds, \$5,570,000 in Qualified School Construction bonds and \$309,998 in tax-exempt bonds.

The Build America bonds have interest rates ranging from 5.60 to 6.36 percent. \$330,000 of the Build America bonds mature in fiscal year 2028, with the remaining Build America bonds maturing each December 1 through fiscal year 2041. The Qualified School Construction bonds have a 5.11 percent interest rate with final maturity December 1, 2042. The tax-exempt bonds have interest at rates from 1.25 to 1.50 percent. The tax exempt bonds will mature December 1, 2011 and 2012 in the amounts of \$178,426 and \$131,572, respectively.

**Green Local School District (Wayne County, Ohio)**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2011*

Principal and interest requirements to retire general obligation bonds outstanding at June 30, 2011 are as follows:

Fiscal Year Ending June 30,	Tax Exempt Bonds	Qualified School Construction Bonds	Build America Bonds	Interest	Total
2012	\$ 178,426	\$ 0	\$ 0	\$ 916,798	\$ 1,095,224
2013	131,572	0	0	840,207	971,779
2014	0	0	0	716,779	716,779
2015	0	0	0	716,779	716,779
2016	0	0	0	716,779	716,779
2017-2021	0	0	0	3,583,895	3,583,895
2022-2026	0	0	0	3,583,895	3,583,895
2027-2031	0	5,570,000	1,405,000	2,330,772	9,305,772
2032-2036	0	0	2,190,000	1,513,129	3,703,129
2037-2041	0	0	2,825,000	762,882	3,587,882
2042	0	0	650,000	41,340	691,340
<b>Total</b>	<b>\$ 309,998</b>	<b>\$ 5,570,000</b>	<b>\$ 7,070,000</b>	<b>\$15,723,255</b>	<b>\$28,673,253</b>

**Note 11 – Capitalized Leases**

The School District has entered into leases for copier equipment and computers. Capital lease payments in the governmental funds have been reclassified and are reflected as debt service in the basic financial statements for the general fund. These disbursements are reflected as program/function expenditures on a budgetary basis.

The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2011.

Year	Amount
2012	\$ 104,259
2013	89,315
2014	39,185
2015	39,185
2016	32,655
	<u>304,599</u>
Less amount representing interest	15,226
<b>Present Value of Minimum Lease Payments</b>	<b><u>\$ 289,373</u></b>

**Note 12 – Interfund Transactions**

Interfund loans may result from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, or (3) payments between funds are made. The general fund had unpaid interfund cash advances of \$2,534 to the athletics fund, \$23,927 to IDEA fund and \$2,863 to Title I fund to cover operating disbursements. As of June 30, 2011, all interfund loans outstanding are anticipated to be repaid in fiscal year 2012.

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the fund collecting the receipts to the debt service fund as debt service payments become due. There were no transfers in the fiscal year. Effective July 1, 2011, the textbook set

**Green Local School District (Wayne County, Ohio)**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2011*

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**Note 13 – Jointly Governed Organizations**

**A. *Tri-County Computer Services Association (TCCSA)***

The Tri-County Computer Services Association (TCCSA) is a jointly governed organization comprised of 22 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 administrative and instructional functions for member districts. Each of the governments of these districts supports TCCSA based upon a per pupil charge dependent upon the software package utilized. The TCCSA council of governments consists of a superintendent or designated representative from each participating district and a representative from the fiscal agent. TCCSA is governed by an executive committee chosen from the general membership of the TCCSA council of governments. The executive committee consists of a representative from the fiscal agent, the chairman of each operating committee, and at least an assembly member from each county from which participating districts are located. Financial information can be obtained by contacting the Treasurer at the Ashland - Wayne County Education Services Center, which serves as fiscal agent, located at 2534 Burbank Road, Wooster, Ohio 44691. During the year ended June 30, 2011, the School District paid approximately \$63,688 to TCCSA for basic service charges.

**B. *Portage County School Consortium (the Consortium)***

The School District is a member of the Portage County School Consortium, an insurance group-purchasing consortium made up of member districts inside and outside of Portage County. All member districts pay an insurance premium directly to the Consortium. Although the School District does not participate in the day-to-day management of the Consortium, one of its administrators serves as a trustee of the Consortium's governing board as provided in the consortium's enabling authority.

**Note 14 – Contingencies**

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and a condition specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at year end.

**Note 15 – Set-Asides**

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 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.

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

**Green Local School District (Wayne County, Ohio)**

*Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2011*

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	Capital Improvement Reserve	Textbook Instructional Materials Reserve
Set-Aside Reserve Balance as of June 30, 2010	\$ 0	\$ 0
Current Year Set-Aside Requirement	184,045	184,045
Current Year Qualifying Disbursements	0	(148,107)
Excess Qualified Expenditures from Prior Years	0	(151,195)
Current Year Offsets	(184,045)	0
Totals	\$ 0	\$ (115,257)
Balance Carried Forward to Fiscal Year 2012	<u>\$ 0</u>	<u>\$ (115,257)</u>
Set Aside Reserve Balance June 30, 2012	<u>\$ 0</u>	<u>\$ 0</u>

The School District had qualifying disbursements during the year that reduced the textbook reserve set-asides below zero. These extra amounts may be used to reduce the set-aside requirement in future fiscal years. Although the School District had qualifying disbursements during the fiscal year that reduced the set-aside amount below zero for the capital acquisition set-aside, this amount may not be used to reduce the set-aside requirement for future years. Effective July 1, 2011, the textbook set-aside laws have been repealed.

**Note 16 – Change in Accounting Principles and Restatement of Fund Balances**

***A. Change in Accounting Principles***

For the year ended June 30, 2011, the School District has implemented Governmental Accounting Standards Board (GASB) Statement No. 54, “*Fund Balance Reporting and Governmental Fund Type Definitions*” and GASB Statement No. 59, “*Financial Instruments Omnibus*.”

GASB Statement No. 54 enhances the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The requirements of this statement classify fund balance as nonspendable, restricted, committed, assigned and/or unassigned.

GASB Statement No. 59 updated and improved existing standards regarding financial reporting and disclosure requirements of certain financial instruments and external investment pools for which significant issues have been identified in practice. Implementation of this GASB statement did not affect the presentation of the financial statements of the School District.

***B. Restatement of Fund Equity***

For fiscal year 2011, the School District modified its financial statements to reflect the modifications outlined in GASB Statement No. 54, “*Fund Balance Reporting and Governmental Fund Type Definitions*”.



**Green Local School District (Wayne County, Ohio)**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2011*

The restatement had the following effect on fund balance as of June 30, 2010:

	General Fund	Classroom Facilities Fund	Other Governmental Funds	Total Governmental Funds
Fund Balance June 30, 2010	\$ 1,709,469	\$ -	\$ 462,841	\$ 2,172,310
Change in Fund Structure	16,964	0	(59,561)	(42,597)
Adjusted Fund Balance at June 30, 2010	<u>1,726,433</u>	<u>0</u>	<u>403,280</u>	<u>2,129,713</u>

The restatement had the following effect on net assets as of June 30, 2010:

	Governmental Activities	Agency	Private Purpose Trust	Total
Net Assets June 30, 2010	\$ 2,172,310	\$ 65,656	\$ -	\$ 2,237,966
Change in Fund Structure	(42,597)	(475)	43,072	0
Adjusted Net Assets at June 30, 2010	<u>2,129,713</u>	<u>65,181</u>	<u>43,072</u>	<u>2,237,966</u>

**Note 17 – Fund Balance**

Fund balance is classified as nonspendable, restricted, committed, assigned, and/or unassigned based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of the resources in governmental funds.

The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

	<u>General</u>	<u>Classroom Facilities</u>	<u>Other Governmental</u>	<u>Total Governmental</u>
<b>Restricted for:</b>				
Permanent Improvements	\$ 0	\$ 0	\$ 307,254	\$ 307,254
Unclaimed Monies	475	0	0	475
Food Service Operations	0	0	122,760	122,760
Bus Purchase	55,736	0	0	55,736
Debt Retirement	0	0	140,631	140,631
Extracurricular Activities	0	0	40,132	40,132
Special Education	0	0	8,351	8,351
Teacher Improvements	0	0	289	289
Capital Outlay	0	12,203,115	997,150	13,200,265
Employee Benefits	4,460	0	0	4,460
<b>Total Restricted</b>	<u>60,671</u>	<u>12,203,115</u>	<u>1,616,567</u>	<u>13,880,353</u>
<b>Committed to:</b>				
Board Specified	25,660	0	21,638	47,298
<b>Total Committed</b>	<u>25,660</u>	<u>0</u>	<u>21,638</u>	<u>47,298</u>
<b>Assigned for:</b>				
Unpaid Obligations	70,785	0	0	70,785
<b>Total Assigned</b>	<u>70,785</u>	<u>0</u>	<u>0</u>	<u>70,785</u>
<b>Unassigned</b>	2,083,024	0	0	2,083,024
	<u>2,083,024</u>	<u>0</u>	<u>0</u>	<u>2,083,024</u>
<b>Total Fund Balances</b>	<u>\$2,240,140</u>	<u>\$12,203,115</u>	<u>\$1,638,205</u>	<u>\$16,081,460</u>

**Green Local School District (Wayne County, Ohio)**

*Notes to the Basic Financial Statements*

*For the Fiscal Year Ended June 30, 2011*

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**Note 18 – Contractual Commitments**

At June 30, 2011, the School District had the following outstanding contractual commitments:

<u>Contractor/Vendor</u>	<u>Contracted Amount</u>	<u>Amount Remaining</u>
Harris Day Architects	\$1,807,241	\$1,265,337
Bob Bennet Construction	534,000	534,000



September 30, 2011

To the Board of Education  
Green Local School District  
Smithville, OH 44677

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING  
AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT  
OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH  
GOVERNMENT AUDITING STANDARDS

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Green Local School District (the "School District") as of and for the year ended June 30, 2011, which collectively comprise School District's basic financial statements and have issued our report thereon dated September 30, 2011, wherein we noted the School District uses a comprehensive accounting basis other than generally accepted accounting principles. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over financial reporting.

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

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

Green Local School District  
Independent Auditor's Report on Internal  
Control Over Financial Reporting and  
Compliance and Other Matters Based on an  
Audit of Financial Statements Performed  
In Accordance with Government Auditing Standards  
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Compliance and Other Matters

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 grant agreements, 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 an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as items 2011-001.

We noted certain matters that we reported to management of the School District in a separate letter dated September 30, 2011.

The School District's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the School District's response and, accordingly, we express no opinion on it.

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

*Hea & Associates, Inc.*



## Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

*Focused on Your Future.*

September 30, 2011

To the Board of Education  
Green Local School District  
Smithville, OH 44677

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS  
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM  
AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB  
CIRCULAR A-133

### Compliance

We have audited the compliance of Green Local School District (the "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 could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. The School District's major federal programs are identified in the summary of auditor's results section of the accompanying *Schedule of Findings and Questioned Costs*. 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 with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. 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 could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

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, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over compliance.

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

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

This report is intended solely for the information and use of management, the 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 those specified parties.

*Hea & Associates, Inc.*

GREEN LOCAL SCHOOL DISTRICT  
WAYNE COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2011

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	CFDA Number	Grant Number	Federal Receipts	Non-Cash Receipts	Federal Disbursements	Non-Cash Disbursements
<b>U. S. DEPARTMENT OF AGRICULTURE</b>						
<i>Passed through Ohio Department of Education:</i>						
National School Lunch Program	10.555	2010	\$ 146,829	\$ 23,309	\$ 146,829	\$ 23,309
Total - National School Lunch Program			<u>146,829</u>	<u>23,309</u>	<u>146,829</u>	<u>23,309</u>
<b>Total US Department of Agriculture</b>			<u>146,829</u>	<u>23,309</u>	<u>146,829</u>	<u>23,309</u>
<b>U.S. DEPARTMENT OF EDUCATION</b>						
<i>Passed through Ohio Department of Education:</i>						
Title I Cluster:						
Title 1, Part A	84.010	2010	18,253		20,574	
		2011	108,084		110,431	
Title 1, Part A - ARRA	84.389	2010	6,473		6,901	
		2011	19,081		19,081	
Total Title Cluster			<u>151,891</u>		<u>156,987</u>	
Special Education Cluster:						
Title VI-B	84.027	2010	27,616		17,443	
		2011	199,016		211,713	
Title VI-B - ARRA	84.391	2010	-		6,758	
			<u>89,922</u>		<u>106,129</u>	
Total Special Education Cluster			<u>316,554</u>		<u>342,043</u>	
Title II-D Technology						
	84.318	2010	110		0	
		2011	442		442	
Total Title II-D Technology			<u>552</u>		<u>442</u>	
Title II-A						
	84.367	2010	4,614		5,981	
		2011	41,201		40,912	
Total Title II-A			<u>45,815</u>		<u>46,893</u>	
State Fiscal Stabilization Fund - ARRA						
	84.394	2010	-		1,500	
		2011	415,982		415,982	
			<u>415,982</u>		<u>417,482</u>	
<b>Total U. S. Department of Education</b>						
<b>Passed through Ohio Department of Education</b>			<u>930,794</u>		<u>963,847</u>	
<b>Total Federal Financial Assistance</b>			<u>\$ 1,077,623</u>	<u>\$ 23,309</u>	<u>\$ 1,110,676</u>	<u>\$ 23,309</u>

See accompanying notes to schedule of expenditures of federal awards.

GREEN LOCAL SCHOOL DISTRICT  
WAYNE COUNTY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
JUNE 30, 2011

NOTE A: SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards is a summary of the activity of the School District's federal award programs. The schedule has been prepared on the cash basis of accounting.

NOTE B: NATIONAL SCHOOL LUNCH PROGRAM

Reimbursement monies are commingled with local receipts and state grants. It is assumed federal moneys are expended first.

Food Distribution Program nonmonetary assistance is reported in the schedule of expenditures of federal awards at the entitlement value of the commodities received and disbursed. At June 30, 2011, the School District had no significant food commodities inventory.



GREEN LOCAL SCHOOL DISTRICT  
WAYNE COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2011

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

A-133 Ref.  
.505(d)

(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 significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d) (1) (iii)	Was there any reported material non-compliance 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 significant deficiencies in internal control reported for major federal programs?	No
(d) (1) (v)	Type of Major Programs' Compliance Opinion	Unqualified
(d) (1) (vi)	Are there any reportable findings under Section .510(a) of Circular A-133?	No
(d) (1) (vii)	Major Programs (list): Special Education Cluster State Fiscal Stabilization Fund	CFDA # 84.027; 84.391 84.394
(d) (1) (viii)	Dollar Threshold: Type A/B Programs	Type A: >\$300,000 Type B: All others
(d) (1) (ix)	Low Risk Auditee?	Yes

GREEN LOCAL SCHOOL DISTRICT  
WAYNE COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)  
JUNE 30, 2011

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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<b>2011-001</b>	
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**Ohio Admin. Code Section 117-2-03(B)** requires the School District to prepare its annual financial report in accordance with generally accepted accounting principles (GAAP).

The School District chose to prepare its financial statements and notes on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than GAAP. The financial statements and notes omit assets, liabilities, fund equities, and disclosures that are material, however, cannot be determined at this time.

It is recommended that the School District prepare its annual financial report in accordance with GAAP.

Client's Response

The Green Local Board of Education recognizes the value in preparing accurate and timely financial statements to reflect the District's operations as of fiscal year end. Due to the cost requirement of preparing these financial statements according to Generally Accepted Accounting Principles (GAAP), the Board has determined that preparing year-end statements on a cash basis of accounting will accurately reflect the district's financial position and allow for those resources previously spent on GAAP to be allocated to education purposes. Reference: Board resolution 5. D., June 15, 2010.

<b>3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS</b>
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<b>NONE</b>	
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**GREEN LOCAL SCHOOL DISTRICT  
WAYNE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
OMB CIRCULAR A-133, SECTION .315(b)  
JUNE 30, 2011**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Fully Corrected?</b>	<b>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain</b>
2010-001	Material Non-Compliance – The school district’s financial statements prepared on modified cash basis.	No	Will be repeated as finding 2011-001.



September 30, 2011

Green Local School District  
Wayne County  
Smithville, OH 44677

**Independent Accountant's Report on Applying Agreed-Upon Procedure**

To the Board of Education:

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

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

1. We noted the Board amended its anti-harassment policy at its meeting on October 19, 2010 to include violence within a dating relationship within its definition of harassment, intimidation or bullying.

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

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

*Rea & Associates, Inc.*



# Dave Yost • Auditor of State

**GREEN LOCAL SCHOOL DISTRICT**

**WAYNE 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  
DECEMBER 1, 2011**