



Dave Yost • Auditor of State

**EVERGREEN LOCAL SCHOOL DISTRICT
FULTON COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
Management's Discussion and Analysis.....	3
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Assets –Cash Basis	9
Statement of Activities –Cash Basis	10
Fund Financial Statements:	
Statement of Cash Basis Assets and Fund Balances - Governmental Funds	11
Statement of Cash Receipts, Disbursements and Changes in Cash Basis Fund Balances - Governmental Funds	12
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual Comparison (Non-GAAP Budgetary Basis) - General Fund	13
Statement of Fiduciary Net Assets Cash Basis – Fiduciary.....	14
Statement of Changes in Fiduciary Net Assets Cash Basis - Fiduciary Fund.....	15
Notes to the Basic Financial Statements	17
Federal Awards Receipts and Expenditures Schedule.....	39
Notes to the Federal Awards Receipts and Expenditures Schedule	40
Independent Accountants' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	41
Independent Accountants' Report on Compliance with Requirements Applicable to Major Federal Programs and Internal Control Over Compliance in Accordance with OMB Circular A-133	43
Schedule of Findings.....	45
Schedule of Prior audit Findings	47
Independent Accountants' Report on Applying Agreed Upon Procedures.....	49

This page intentionally left blank.



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Evergreen Local School District
Fulton County
14544 County Road 6
Metamora, Ohio 43540-9741

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Evergreen Local School District, Fulton County, Ohio (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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe our audit provides a reasonable basis for our opinions.

Ohio Administrative Code § 117-2-03 (B) requires the School District to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. However, as discussed in Note 2, the accompanying financial statements and notes follow the 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 cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Evergreen Local School District, Fulton County, Ohio, as of June 30, 2011, and the respective changes in cash financial position, thereof and the budgetary comparison for the General Fund thereof for the year then ended in conformity with the accounting basis Note 1 describes.

As described in Note 3 during 2011 the School District adopted Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 19, 2012, 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. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

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

www.auditor.state.oh.us

We conducted our audit to opine on the School District's financial statements taken as a whole. Management's Discussion and Analysis includes tables of net assets, changes in net assets, and governmental activities. The federal awards receipts and expenditures schedule (the Schedule) is required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These tables and the Schedule provide additional information, but are not part of the basic financial statements. However these tables and the Schedule are management's responsibility, and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. These tables and the schedule were subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. Other than the aforementioned procedures applied to the tables, we applied no procedures to any other information in Management's Discussion and Analysis, and we express no opinion or any other assurance on it.



Dave Yost
Auditor of State

March 19, 2012

**EVERGREEN LOCAL SCHOOL DISTRICT
FULTON COUNTY**

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

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

Financial Highlights

Key financial highlights for fiscal year 2011 are as follows:

- In total, net assets increased by \$1,067,372
- General receipts accounted for \$14,589,125, or 86% of all receipts, and reflect the District's significant dependence on income taxes, property taxes and unrestricted state entitlements. Program specific receipts in the form of charges for services, operating grants, and capital grants accounted for \$2,327,162 or 14% of total receipts of \$16,916,287.
- The District's major funds included are the general fund and debt service fund.
- The general fund had \$12,035,874 in receipts and other financing sources and \$11,601,632 in disbursements and other financing uses. The general fund's fund balance increased \$434,242 from the prior fiscal year.
- The bond retirement fund repays debt related to school improvements bonds for the new high school, renovation of the middle school and construction of a new elementary school. The debt service fund had \$1,414,343 in receipts and other financing sources and \$1,287,285 in disbursements. The bond retirement fund's fund balance increased \$127,058 from the prior fiscal year.

Using the Basic Financial Statements

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the District as a financial whole, or as an entire operating entity.

The statement of net assets—cash basis and the statement of activities—cash basis provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances.

Fund financial statements provide a greater level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds, with all other non-major funds presented in total in a single column. For the District, the general fund and the debt service fund are the most significant funds.

**EVERGREEN LOCAL SCHOOL DISTRICT
FULTON COUNTY**

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

Reporting the District as a Whole

Statement of Net Assets and Statement of Activities

The statement of net assets—cash basis and the statement of activities—cash basis reflect how the District did financially during fiscal year 2011. These statements are reported on the cash basis of accounting which reflects receipts and disbursements when cash is received or paid.

These statements report the District's net assets and changes in those assets. This change in net assets is important because it tells the reader whether the financial position of the District as a whole has increased or decreased from the prior fiscal year. Over time, these increases and/or decreases are one indicator of whether the financial position is improving or deteriorating. Causes for these changes may be the result of many factors, some financial, some not. Non-financial factors include the District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs, and other factors.

In the statement of net assets—cash basis and the statement of activities—cash basis, all of the District's activities are presented as governmental activities. All of the District's programs and services are reported here including instruction, support services, non-instructional services, and extracurricular activities.

Reporting the District's Most Significant Funds

Fund Financial Statements

Fund financial statements provide detailed information about the District's major funds. While the District uses many funds to account for its financial transactions, the fund financial statement focus on the District's most significant funds. The District's major funds are the general and debt service.

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

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are not reflected on the government-wide financial statements because the resources from these funds are not available to support the District's programs. These funds use the cash basis of accounting.

**EVERGREEN LOCAL SCHOOL DISTRICT
FULTON COUNTY**

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

The District as a Whole

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

Table 1
Net Assets—Cash Basis
Governmental Activities

<u>Assets</u>	<u>2011</u>	<u>2010</u>
Current Assets	<u>\$ 7,556,268</u>	<u>\$ 6,488,896</u>
Total Assets	<u>\$ 7,556,268</u>	<u>\$ 6,488,896</u>
 <u>Net Assets</u>		
Restricted	\$ 2,742,518	\$ 2,118,729
Unrestricted	<u>4,813,750</u>	<u>4,370,167</u>
Total	<u>\$ 7,556,268</u>	<u>\$ 6,488,896</u>

Total assets increased \$1,067,372 mainly due to one-time ARRA funding and receipt of HB264 bond proceeds for energy conservation projects.

Table 2 reflects the changes in net assets from the prior fiscal year.

Table 2
Changes in Net Assets—Cash Basis
Governmental Activities

<u>Receipts</u>	<u>Governmental Activities 2011</u>	<u>Governmental Activities 2010</u>
Program Receipts:		
Charges for Services and Sales	\$ 1,236,825	\$ 1,253,827
Operating Grants	1,033,384	1,208,651
Capital Grants	<u>56,953</u>	<u>56,242</u>
Total Program Receipts	2,327,162	2,518,720
General Receipts:		
Property and Income Taxes	7,132,771	6,971,173
Grants and Entitlements	6,086,300	5,841,749
Interest	44,902	85,123
Miscellaneous	<u>1,325,152</u>	<u>71,997</u>
Total General Receipts	<u>14,589,125</u>	<u>12,970,042</u>
Total Revenues	16,916,287	15,488,762

**EVERGREEN LOCAL SCHOOL DISTRICT
FULTON COUNTY**

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

	<u>Governmental Activities 2011</u>	<u>Governmental Activities 2010</u>
<u>Disbursements</u>		
Instruction	\$ 7,292,588	\$ 7,102,317
Support Services:		
Pupils	659,232	626,490
Instructional Staff	915,443	838,350
Board of Education	52,851	47,320
Administration	993,221	981,939
Fiscal	371,397	360,577
Business	18,000	18,000
Operation and Maintenance of Plant	1,121,533	1,122,363
Pupil Transportation	1,149,909	1,458,880
Central	94,740	100,029
Non-Instructional	614,190	596,305
Extracurricular Activities	472,570	490,816
Capital Outlay	805,668	
Debt Service Principal	788,925	610,000
Interest and Fiscal Charges	473,648	618,084
Issuance Costs	<u>25,000</u>	
Total Disbursements	<u>15,848,915</u>	<u>14,971,470</u>
 Increase in Net Assets	 <u>\$ 1,067,372</u>	 <u>\$ 517,292</u>

Program receipts account for 14% of total receipts and are primarily represented by restricted intergovernmental receipts, extracurricular activities, and food service sales.

The major program disbursements for governmental activities are for instruction, which accounts for 46% of all governmental disbursements. Other programs which support the instruction process, including pupil, instructional staff, and pupil transportation account for over 17% of governmental disbursements. Maintenance of the District's facilities also represents a significant disbursement of 7%. Therefore, 70% of the District's disbursements are related to the primary functions of delivering education and providing facilities. These costs are funded almost entirely from property taxes, grants and entitlements.

Governmental Activities

Table 3 indicates the total cost of services and the net cost of services for governmental activities. The statement of activities—cash basis reflects the cost of program services and the charges for services and sales, grants, and contributions offsetting those services. The net cost of services identifies the cost of those services supported by tax revenues and unrestricted state entitlements.

**EVERGREEN LOCAL SCHOOL DISTRICT
FULTON COUNTY**

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

Table 3
Governmental Activities—Cash Basis

	Total Cost of Services		Net Cost of Services	
	2011	2010	2011	2010
Instruction	\$ 7,292,588	\$ 7,102,317	\$ 5,859,543	\$ 5,447,110
Support Services:				
Pupils	659,232	626,490	659,232	620,674
Instructional Staff	915,443	838,350	893,546	822,261
Board of Education	52,851	47,320	52,851	47,320
Administration	993,221	981,939	993,221	981,939
Fiscal	371,397	360,577	371,397	360,577
Business	18,000	18,000	18,000	18,000
Operation & Maintenance of Plant	1,121,533	1,122,363	1,108,488	1,109,502
Pupil Transportation	1,149,909	1,458,880	1,149,909	1,458,880
Central	94,740	100,029	52,513	88,170
Non-Instructional	614,190	596,305	(12,045)	(282)
Extracurricular Activities	472,570	490,816	338,810	326,757
Capital Outlay	805,668		748,715	(56,242)
Debt Service Principal	788,925	610,000	788,925	610,000
Interest and Fiscal Charges	473,648	618,084	473,648	618,084
Issuance Costs	25,000		25,000	
Total Disbursements	<u>\$ 15,848,915</u>	<u>\$ 14,971,470</u>	<u>\$ 13,521,753</u>	<u>\$ 12,452,750</u>

The dependence upon tax receipts and unrestricted state entitlements for governmental activities is apparent. Over 80% of instruction activities are supported through taxes and other general receipts. For all governmental activities, support from general receipts is 85%. The community, as a whole, provides a significant support for the District's students.

The District's Funds

The District's governmental funds are accounted for using the cash basis of accounting. The District's major governmental funds were the general and debt service funds. Total governmental funds had receipts of \$15,630,903, disbursements of \$15,848,915, and net other financing sources of \$1,285,384. The overall positive change of \$1,067,372 in fund balance for the year is primarily due to one-time ARRA funding and receipt of HB264 bond proceeds.

General Fund Budgeting Highlights

The District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund. During the course of fiscal year 2011, the District amended its General Fund budget as needed. Final budgeted revenues, in the amount of \$11,703,414 were above original budgeted revenues of \$11,574,282.

**EVERGREEN LOCAL SCHOOL DISTRICT
FULTON COUNTY**

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

General Fund Budgeting Highlights (Continued)

Final expenditures were budgeted at \$12,143,940 while actual expenditures were \$11,564,941. The \$578,999 difference is a result of conservative budget approval. All amounts that showed the most significant difference with budgeted amounts were the cause of under spending. Budgets are also prepared conservatively, which results in budgeted revenues to exceed expenditures. Actual General Fund revenues and other financing sources were \$357,548 greater than expenditures and other financing uses due to management of expenses.

Debt Administration

At June 30, 2011 the District has \$11,837,514 in general obligation and classroom facilities school improvement bonds for building improvements. There are five bond series with final maturities of December 1, 2011, 2022, 2024 and 2025. The bonds are retired from the bond retirement debt service fund.

For further information regarding the District's debt, see the notes to the basic financial statements.

Current Issues

The Evergreen Local School District ended FY11 in the black, once again due in large part to an influx of one-time federal stimulus funding which will not be available in future years. Property tax revenues were only slightly higher than the previous year, however, income tax collections did begin to rebound somewhat. Income tax revenues are not likely to recover to pre-recession levels for at least another year. Due to severe budget shortfalls at the state level, the state used federal stimulus (ARRA) funds to help cover their share of funding to schools in FY 10 and FY 11 which represented approximately 7% of Evergreen's state foundation funding. At the end of FY11, federal ARRA funding ended and was not replaced by state funds. The loss of these stimulus dollars combined with the changes the state made in reimbursement for lost tangible personal property taxes will result in a loss of over \$864,000 in FY12 alone.

The district has implemented a series of cost reduction measures over the past two years amounting to over \$230,000 and has planned over \$600,000 in reductions for FY12 alone. In addition, the district is in the process of completing a \$1,250,000 HB264 Energy Conservation project which is estimated to generate approximately \$85,000 annually in energy savings. However, due to the large shortfall in state support, even with these reductions, deficit spending is currently projected in FY12. In an effort to fill this gap, the district will place a .25% income tax issue on the ballot in November 2011. If this levy is successful, additional reductions in expenditures will likely be necessary to keep the district on solid financial footing.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to reflect the District's accountability for the monies it receives. Questions concerning any of the information in this report or request for additional information should be directed to Denise Leu, Treasurer, Evergreen Local School District, 14544 County Road 6, Metamora, Ohio, 43540.

**EVERGREEN LOCAL SCHOOL DISTRICT
FULTON COUNTY**

**STATEMENT OF NET ASSETS - CASH BASIS
JUNE 30, 2011**

	Governmental Activities
ASSETS	
Equity in Pooled Cash and Cash Equivalents	<u>\$ 7,556,268</u>
NET ASSETS	
Restricted for Debt Service	\$ 1,821,929
Restricted for Capital Outlay	635,131
Restricted for Other Purposes	285,458
Unrestricted	<u>4,813,750</u>
Total Net Assets	<u>\$ 7,556,268</u>

See accompanying notes to the basic financial statements

**EVERGREEN LOCAL SCHOOL DISTRICT
FULTON COUNTY**

**STATEMENT OF ACTIVITIES - 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 and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
Instruction:					
Regular	\$ 5,116,845	\$ 586,148	\$ 183,553		\$ (4,347,144)
Special	1,399,281	183,158	480,186		(735,937)
Vocational	146,982				(146,982)
Other	629,480				(629,480)
Support Services:					
Pupils	659,232				(659,232)
Instructional Staff	915,443		21,897		(893,546)
Board of Education	52,851				(52,851)
Administration	993,221				(993,221)
Fiscal	371,397				(371,397)
Business	18,000				(18,000)
Operation and Maintenance of Plant	1,121,533		13,045		(1,108,488)
Pupil Transportation	1,149,909				(1,149,909)
Central	94,740		42,227		(52,513)
Operation of Non-Instructional Services	614,190	333,759	292,476		12,045
Extracurricular Activities	472,570	133,760			(338,810)
Capital Outlay	805,668			\$ 56,953	(748,715)
Debt Service:					
Principal	788,925				(788,925)
Interest and Fiscal Charges	473,648				(473,648)
Issuance Costs	25,000				(25,000)
Totals	\$ 15,848,915	\$ 1,236,825	\$ 1,033,384	\$ 56,953	(13,521,753)
General Receipts					
Taxes					
Income Taxes					2,376,915
Property and Other Local Taxes					4,755,856
Grants and Entitlements not Restricted to Specific Programs					6,086,300
Gifts and Donations					16,495
Investment Earnings					44,902
Miscellaneous					27,208
Other Receipts:					
Proceeds from Bonds					1,250,000
Refund of Prior Year Expenditures					31,449
Total General Receipts					14,589,125
Change in Net Assets					1,067,372
Net Assets Beginning of Year					6,488,896
Net Assets End of Year					\$ 7,556,268

See accompanying notes to the basic financial statements

**EVERGREEN LOCAL SCHOOL DISTRICT
FULTON COUNTY**

**STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
GOVERNMENTAL FUNDS
JUNE 30, 2011**

	General Fund	Debt Service Fund	All Other Governmental Funds	Total Governmental Funds
ASSETS				
Current Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 4,853,661	\$ 1,821,929	\$ 880,706	\$ 7,556,296
<i>Total Assets</i>	<u>\$ 4,853,661</u>	<u>\$ 1,821,929</u>	<u>\$ 880,706</u>	<u>\$ 7,556,296</u>
 FUND BALANCES				
Restricted	\$ 31,264	\$ 1,821,929	\$ 879,934	\$ 2,733,127
Committed	11,000			11,000
Assigned	248,634		744	249,378
Unassigned	4,562,763			4,562,763
<i>Total Fund Balances</i>	<u>\$ 4,853,661</u>	<u>\$ 1,821,929</u>	<u>\$ 880,678</u>	<u>\$ 7,556,268</u>

See accompanying notes to the basic financial statements

**EVERGREEN LOCAL SCHOOL DISTRICT
FULTON COUNTY**

**STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND
CHANGES IN CASH BASIS FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>All Other Governmental Funds</u>	<u>Total Governmental Funds</u>
RECEIPTS				
Property and Other Local Taxes	\$ 3,397,074	\$ 1,051,464	\$ 307,318	\$ 4,755,856
Income Tax	2,376,915			2,376,915
Intergovernmental	5,289,310	161,992	1,725,335	7,176,637
Interest	44,043		859	44,902
Tuition and Fees	769,306			769,306
Rent	5,750			5,750
Extracurricular Activities	57,756		76,004	133,760
Gifts and Donations	2,700		13,795	16,495
Customer Sales and Services			328,009	328,009
Miscellaneous	23,273			23,273
<i>Total Receipts</i>	<u>11,966,127</u>	<u>1,213,456</u>	<u>2,451,320</u>	<u>15,630,903</u>
DISBURSEMENTS				
Instruction				
Regular	4,928,380		188,465	5,116,845
Special	976,842		422,439	1,399,281
Vocational	146,982			146,982
Other	613,856		15,624	629,480
Support Services				
Pupils	654,232		5,000	659,232
Instructional Staff	579,652		335,791	915,443
Board of Education	52,851			52,851
Administration	988,324		4,897	993,221
Fiscal	339,468	24,712	7,217	371,397
Business	18,000			18,000
Operation and Maintenance of Plant	688,944		432,589	1,121,533
Pupil Transportation	1,149,909			1,149,909
Central	16,286		78,454	94,740
Operation of Non-Instructional Services	2,088		612,102	614,190
Extracurricular Activities	382,717		89,853	472,570
Capital Outlay			805,668	805,668
Debt Service				
Principal		788,925		788,925
Interest		473,648		473,648
Issuance Costs			25,000	25,000
<i>Total Disbursements</i>	<u>11,538,531</u>	<u>1,287,285</u>	<u>3,023,099</u>	<u>15,848,915</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	427,596	(73,829)	(571,779)	(218,012)
OTHER FINANCING SOURCES (USES)				
Proceeds from Sale of Capital Assets	4,445			4,445
Refund of Prior Year Expenditures	31,449			31,449
Transfers In		200,887	38,451	239,338
Advances In	33,853		24,140	57,993
Proceeds from Bonds			1,250,000	1,250,000
Transfers Out	(38,961)		(200,887)	(239,848)
Advances Out	(24,140)		(33,853)	(57,993)
<i>Total Other Financing Sources (Uses)</i>	<u>6,646</u>	<u>200,887</u>	<u>1,077,851</u>	<u>1,285,384</u>
<i>Net Change in Fund Balances</i>	434,242	127,058	506,072	1,067,372
<i>Fund Balance at Beginning of Year (Restated)</i>	4,419,419	1,694,871	374,606	6,488,896
<i>Fund Balance at End of Year</i>	<u>\$ 4,853,661</u>	<u>\$ 1,821,929</u>	<u>\$ 880,678</u>	<u>\$ 7,556,268</u>

See accompanying notes to the basic financial statements

**EVERGREEN LOCAL SCHOOL DISTRICT
FULTON COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Property and Other Local Taxes	\$ 3,326,464	\$ 3,326,464	\$ 3,397,074	\$ 70,610
Income Tax	2,300,248	2,300,248	2,376,915	76,667
Intergovernmental	5,156,970	5,271,102	5,289,310	18,208
Interest	40,000	40,000	44,043	4,043
Tuition and Fees	727,000	727,000	769,306	42,306
Rent	5,000	5,000	5,750	750
Extracurricular Activities	12,300	12,300	8,222	(4,078)
Gifts and Donations	1,200	1,200	1,950	750
Customer Sales and Services	100	100		(100)
Miscellaneous	5,000	20,000	23,273	3,273
Total Revenues	<u>11,574,282</u>	<u>11,703,414</u>	<u>11,915,843</u>	<u>212,429</u>
EXPENDITURES				
Current				
Instruction				
Regular	5,066,125	5,250,550	4,959,331	291,219
Special	991,768	991,768	981,784	9,984
Vocational	156,077	147,077	147,394	(317)
Other	589,000	589,000	613,856	(24,856)
Support Services				
Pupils	650,036	650,036	654,277	(4,241)
Instructional Staff	729,215	729,215	588,415	140,800
Board of Education	71,180	71,180	53,070	18,110
Administration	980,946	980,946	932,414	48,532
Fiscal	330,231	330,231	340,444	(10,213)
Business	18,000	18,000	18,000	
Operation and Maintenance of Plant	694,843	694,843	720,257	(25,414)
Pupil Transportation	1,176,220	1,190,295	1,151,160	39,135
Central	103,700	103,700	16,286	87,414
Food Service Operations			2,088	(2,088)
Extracurricular Activities				
Academic Oriented Activities	116,051	116,051	114,042	2,009
Occupation Oriented Activities	7,199	7,199	7,200	(1)
Sport Oriented Activities	260,683	262,183	254,968	7,215
School and Public Service Co-Curricular Activities	11,666	11,666	9,955	1,711
Total Expenditures	<u>11,952,940</u>	<u>12,143,940</u>	<u>11,564,941</u>	<u>578,999</u>
Excess of Revenues Over (Under) Expenditures	<u>(378,658)</u>	<u>(440,526)</u>	<u>350,902</u>	<u>791,428</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from Sale of Capital Assets	500	500	4,445	3,945
Refund of Prior Year Expenditures	31,000	31,000	35,221	4,221
Advances In		33,853	33,853	
Transfers Out		(38,961)	(38,961)	
Advances Out		(24,140)	(24,140)	
Refund of Prior Year Receipts		(3,772)	(3,772)	
Total Other Financing Sources (Uses)	<u>31,500</u>	<u>(1,520)</u>	<u>6,646</u>	<u>8,166</u>
Net Change in Cash Basis Fund Balances	<u>(347,158)</u>	<u>(442,046)</u>	<u>357,548</u>	<u>799,594</u>
Fund Balance at Beginning of Year	4,271,592	4,271,592	4,271,592	
Prior Year Encumbrances Appropriated	98,575	98,575	98,575	
Fund Balance at End of Year	<u>\$ 4,023,009</u>	<u>\$ 3,928,121</u>	<u>\$ 4,727,715</u>	<u>\$ 799,594</u>

See accompanying notes to the basic financial statements

**EVERGREEN LOCAL SCHOOL DISTRICT
FULTON COUNTY**

**STATEMENT OF FIDUCIARY NET ASSETS - CASH BASIS
FIDUCIARY FUNDS
JUNE 30, 2011**

	Private Purpose Trust	Agency
ASSETS		
Current Assets		
Equity in Pooled Cash and Cash Equivalents	\$ 32,078	\$ 45,101
Total Assets	\$ 32,078	\$ 45,101
 NET ASSETS		
Restricted - expendable	\$ 32,078	
Unrestricted		\$ 45,101
Total net assets	\$ 32,078	\$ 45,101

See accompanying notes to the basic financial statements

EVERGREEN LOCAL SCHOOL DISTRICT
FULTON COUNTY

STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
CASH BASIS
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011

	<u>Private Purpose Trust</u>
ADDITIONS:	
Gifts and contributions	\$ 937
Interest	36
Total additions	<u>973</u>
DEDUCTIONS:	
Payments in accordance with trust agreements	<u>1,000</u>
Changes in net assets	(27)
Net assets beginning of year	<u>32,105</u>
Net assets end of year	<u>\$ 32,078</u>

See accompanying notes to the basic financial statements

This page intentionally left blank.

**EVERGREEN LOCAL SCHOOL DISTRICT
FULTON COUNTY, OHIO**

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

NOTE 1 – DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Evergreen Local School District (the "School District") is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The School District operates under a locally-elected Board form of government consisting of five members elected at-large for staggered four year terms. The School District provides educational services as authorized by state and federal guidelines.

The School District was established in 1967 through the consolidation of existing land areas and school districts. The School District serves an area of approximately 130 square miles. It is located in Fulton and Lucas counties and includes the entire Villages of Berkey (Lucas County), Lyons and Metamora (Fulton County), all of Amboy, Chesterfield, and Royalton (Fulton County) and Richfield (Lucas County) townships, and portions of Fulton and Pike (Fulton County), and Harding, Spencer, and Sylvania (Lucas County) townships. The School District is the 215th largest in the State of Ohio (among 613 school districts) in terms of enrollment. It is staffed by 58 classified, 81 certified teaching personnel, and 16 administrative employees who provide services to 1,319 students and other community members. The School District currently operates three buildings.

Reporting Entity

A reporting entity is composed of the primary government, component units, and other organizations that are included to insure 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 Evergreen Local School District, this includes general operations, food service, and student related activities of the School District.

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. There are no component units of the Evergreen Local School District.

The School District participates in three jointly governed organizations, three insurance pools, and is associated with two related organizations. These organizations are the Northwest Ohio Computer Association, the Northern Buckeye Education Council, the Four County Career Center, the Ohio School Plan, the Northern Buckeye Education Council Employee Insurance Benefits Program, the Northern Buckeye Education Council Workers' Compensation Group Rating Plan, the Evergreen Community Library, and a Parochial school. These organizations are presented in Notes 17, 18, and 19 to the basic financial statements.

The School District's management believes these financial statements present all activities for which the School District is financially accountable

**EVERGREEN LOCAL SCHOOL DISTRICT
FULTON COUNTY, OHIO**

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements and the fund financial statements for the proprietary funds, financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The School District does not apply FASB statements issued after November 30, 1989, to its business-type activities and to its enterprise funds. Following are the more significant of the School District's accounting policies.

A. Basis of Presentation

The School District's basic financial statements consist of government-wide financial statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

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. These statements usually distinguish between those activities of the School District that are governmental activities (primarily supported by taxes and intergovernmental revenues) and those that are considered business-type activities (primarily supported by fees and charges). However, the School District has no business-type activities.

The statement of net assets presents the cash balance of the governmental activities of the School District at fiscal year end. The statement of activities compares disbursements with program receipts for each function or program of the School District's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the government is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program, and receipts of interest earned on grants that are required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the School District's general receipts.

**EVERGREEN LOCAL SCHOOL DISTRICT
FULTON COUNTY, OHIO**

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Fund Financial Statements

During the fiscal 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. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

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. The funds of the School District are divided into two categories, governmental and fiduciary.

Governmental

The School District classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other non-exchange transactions as governmental funds. The School District's major funds are the General Fund and Debt Service Fund.

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

Debt Service Fund – The Debt Service Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

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

Fiduciary Funds

Fiduciary funds account for cash and investments where the School District is acting as trustee or fiscal agent for other entities or individuals. Fiduciary funds include investment trust funds, private-purpose trust funds and agency funds. Trust funds account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are not available to support the School District's own programs. The School District's private purpose trust fund accounts for college 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 account for various student-managed activities.

**EVERGREEN LOCAL SCHOOL DISTRICT
FULTON COUNTY, OHIO**

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Basis of Accounting

The School District's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the School District's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of the cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

D. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of 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 amount the Board of Education may appropriate. The appropriations resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the Board. The legal level of budgetary control selected by the Board is at the object level for the General Fund and the fund level for all other funds. Any budgetary modifications at this level may only be made by resolution of the Board of Education. Budgetary allocations at the object level within the General Fund and at the function and object level within all other funds are made by the School District Treasurer.

The certificate of estimated resources may be amended during the fiscal year if projected increases or decreases in revenue are identified by the Treasurer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the Board.

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

E. Cash and Investments

To improve cash management, cash received by the School District is pooled and invested. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through School District records. Interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents".

**EVERGREEN LOCAL SCHOOL DISTRICT
FULTON COUNTY, OHIO**

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Investments of the School District's 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 cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

During 2011, the School District invested in nonnegotiable certificates of deposit, a money market fund, and STAR Ohio. Investments are reported at cost except for STAR Ohio. STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2011.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest receipts credited to the General Fund during fiscal year 2011 was \$44,043; interest in the amount of \$859 was credited to other district funds.

F. Inventory and Prepaid Items

On the cash-basis of accounting, inventories of supplies and food service items are reported as disbursements when purchased.

G. Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. The financial statements do not report these assets.

H. Interfund Receivables/Payables

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. The fund statements report inter-fund loans as advances when made or repaid. These amounts are eliminated in the statement of activities.

I. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the School District's cash basis of accounting.

EVERGREEN LOCAL SCHOOL DISTRICT
FULTON COUNTY, OHIO

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

J. Employer Contributions to Cost-Sharing Pension Plans

The School District recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 10 and 11, the employer contributions include portions for pension benefits and for postretirement health care benefits.

K. Long-term Obligations

These cash basis financial statements do not report liabilities for bonds and other long-term obligations. These statements report proceeds of debt when cash is received and debt service disbursements for debt principal payments.

L. Net Assets

The statements report restricted net assets when enabling legislation or creditors, grantors or laws or regulations of other governments have imposed limitations on their use.

The School District first applies restricted resources when incurring a disbursement for which it may use either restricted or unrestricted resources.

M. Fund Balance

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

Nonspendable – The nonspendable fund balance category 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” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned.

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.

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

**EVERGREEN LOCAL SCHOOL DISTRICT
FULTON COUNTY, OHIO**

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Assigned – Amounts in the assigned fund balance 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 School District Board of Education.

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.

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

N. Inter-fund Transactions

Transfers between governmental activities on the government-wide financial statements are reported in the same manner as general receipts.

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular cash disbursements to the funds that initially paid for them are not presented in the financial statements.

NOTE 3 – CHANGE IN BASIS OF ACCOUNTING AND RESTATEMENT OF FUND BALANCES

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". GASB Statement No. 54 provides fund balance classifications that can be more consistently applied and clarifies the existing governmental fund type definitions. The requirements of this statement classify fund balance as nonspendable, restricted, committed, assigned, and/or unassigned. The implementation of GASB Statement No. 54 had the following effect on fund balance of the General Fund and nonmajor funds of the School District as they were previously reported.

**EVERGREEN LOCAL SCHOOL DISTRICT
FULTON COUNTY, OHIO**

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

**NOTE 3 – CHANGE IN BASIS OF ACCOUNTING AND RESTATEMENT OF FUND BALANCES
(CONTINUED)**

	General Fund	Other Governmental Funds
Fund Balance at June 30, 2010	\$ 4,370,167	\$ 423,858
Change in Fund Structure	49,252	(49,252)
Restated Fund Balance at June 30, 2010	\$ 4,419,419	\$ 374,606

NOTE 4 – 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. However, the School District prepared its financial statements on a cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The accompanying financial statements omit assets, liabilities, net assets/fund balances, and disclosures that, while material, cannot be determined at this time. The School District can be fined and various other administrative remedies may be taken against the School District.

NOTE 5 – FUND BALANCE

Fund balance can be 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 at June 30, 2011 for the major governmental funds and all other governmental funds are presented as follows:

Fund Balances	General	Debt Service	All Other Governmental Funds	Total
Restricted for:				
Debt payment		1,821,929		1,821,929
Food service operations			104,592	104,592
Miscellaneous grants			41,546	41,546
Title I			15,555	15,555
District managed activity			18,238	18,238
Title II – A teacher			2,535	2,535
Capital improvements			239,856	239,856
Energy conservation			457,612	457,612
School bus	31,264			31,264
Total restricted	31,264	1,821,929	879,934	2,733,127
Committed to:				
Storage tank	11,000			11,000
Total committed	11,000			11,000

**EVERGREEN LOCAL SCHOOL DISTRICT
FULTON COUNTY, OHIO**

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

NOTE 5 – FUND BALANCE (CONTINUED)

Assigned to:			
Track/stadium	133,688		133,688
Unpaid obligations	86,035		86,035
Other purposes	<u>28,911</u>	<u> </u>	<u>744</u> <u>29,655</u>
Total assigned	<u>248,634</u>	<u> </u>	<u>744</u> <u>249,378</u>
Unassigned	<u>4,562,763</u>		<u>4,562,763</u>
Total fund balances	<u>\$ 4,853,661</u>	<u>\$ 1,821,929</u>	<u>\$ 880,678</u> <u>\$ 7,556,268</u>

NOTE 6 – BUDGETARY BASIS OF ACCOUNTING

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual – Budgetary Basis presented for the general fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis are outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis) and outstanding year end advances are treated as an other financing source or use (budgetary basis) rather than a reservation of fund balance (cash basis).

The following table summarizes the adjustments necessary to reconcile to cash basis statements to the budget basis statements for the General Fund:

	General Fund
<u>Net Change in Fund Balance</u>	<u> </u>
Cash basis (as reported)	\$ 434,242
Outstanding encumbrances	(86,035)
Perspective difference:	
Activity of funds reclassified for	
Cash reporting purposes	<u>9,341</u>
Budgetary basis	<u>\$ 357,548</u>

NOTE 7 – DEPOSITS AND INVESTMENTS

Monies held by the School District are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the School District treasury. Active 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 has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

**EVERGREEN LOCAL SCHOOL DISTRICT
FULTON COUNTY, OHIO**

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

NOTE 7 – DEPOSITS AND INVESTMENTS (CONTINUED)

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

Interim monies held by the School District can be deposited or invested in the following securities:

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

Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;

Bonds and other obligations of the State of Ohio or Ohio local governments;

Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;

No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2);

The State Treasurer's investment pool (STAR Ohio); and

Bankers' acceptances and commercial paper if training requirements have been met.

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.

A. Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At fiscal year end, \$1,883,474 of the School District's bank balance of \$7,208,251 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although all state statutory requirements for the deposit of money have been followed, noncompliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

**EVERGREEN LOCAL SCHOOL DISTRICT
FULTON COUNTY, OHIO**

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

NOTE 7 – DEPOSITS AND INVESTMENTS (CONTINUED)

The School District has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the School District or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

B. Investments

As of June 30, 2011, the School District had the following investment:

	<u>Fair Value</u>	<u>Maturity Less Than One Year</u>
STAR Ohio	\$ 418,735	\$ 418,735

STAR Ohio carries a rating of AAAM by Standard and Poor's. The School District has no investment policy dealing with investment credit risk beyond the requirements in state statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating.

NOTE 8 – PROPERTY TAXES

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

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

Public utility property tax revenues received in calendar year 2011 represent the collection of calendar year 2010 taxes. Public utility real and tangible personal property taxes received in calendar year 2011 become a lien on December 31, 2009, were levied after April 1, 2010, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The School District receives property taxes from Fulton and Lucas counties. The County Auditors periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the counties by June 30, 2011, are available to finance fiscal year 2011 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

**EVERGREEN LOCAL SCHOOL DISTRICT
FULTON COUNTY, OHIO**

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

NOTE 8 – PROPERTY TAXES (CONTINUED)

The assessed values upon which the fiscal year 2011 taxes are based are as follows:

	2010 Second-Half Collections		2011 First-Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential	\$ 158,032,800	89.04%	\$ 158,316,100	88.44%
Industrial/Commercial	7,547,130	4.25%	7,855,710	4.39%
Public Utility Real Property	37,740	0.02%	34,930	0.02%
Public Utility Personal Property	<u>11,869,845</u>	<u>6.69%</u>	<u>12,799,980</u>	<u>7.15%</u>
Total Assessed Value	<u>\$ 177,487,515</u>	<u>100.00%</u>	<u>\$ 179,006,720</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$ 49.65		\$ 49.65	

NOTE 9 – INCOME TAXES

The School District levies a voted tax of $\frac{3}{4}$ percent for general operations on the income of residents and of estates. The tax was effective in 1990, and is a continuing tax. An additional $\frac{3}{4}$ percent income tax was passed by voters in 2004, effective beginning 2005 for five years, for general operations. The additional $\frac{3}{4}$ percent income tax was renewed by voters in 2009, effective beginning 2010 for five years. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the School District after withholding amounts for administrative fees and estimated refunds. Income tax receipts are recorded in the General Fund.

NOTE 10 – RISK MANAGEMENT

A. Property and Liability

The School District maintains comprehensive insurance coverage through the Ohio School Plan, an insurance Pool, an insurance purchasing pool (Note 18), for liability, real property, building contents, and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. In addition, real property contents are fully considered.

Coverage provided by the Ohio School Plan	
General Liability:	
Per Occurrence	\$ 3,000,000
Total per Year	\$ 5,000,000
Coverage provided by the Ohio School Plan	
Blanket Property Insurance (\$1,000 deductible)	\$ 47,349,056
Coverage provided by the Ohio School Plan	
Auto Coverage	
Liability	\$ 3,000,000
Auto Medical Payment	\$ 5,000

**EVERGREEN LOCAL SCHOOL DISTRICT
FULTON COUNTY, OHIO**

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

NOTE 10 – RISK MANAGEMENT (CONTINUED)

Under the Plan, each participant enters into an individual agreement with the Plan for insurance coverage and pays annual premiums to the Plan based on types and limits of coverage from the prior fiscal year.

Settled claims have not exceeded this commercial coverage in any of the past three years, and there has been no significant reduction in insurance coverage from the prior fiscal year.

B. Workers' Compensation

The School District participates in the Northern Buckeye Education Council Workers' Compensation Group Rating Plan (Plan), an insurance purchasing pool. The Plan is intended to reduce premiums for the participants. The workers' compensation experience of the participants is calculated as one experience and a common premium rate is applied to all participants in the Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan rather than its individual rate. Participation in the Plan is limited to entities that can meet the Plan's selection criteria. Each participant must apply annually. The Plan provides the participants with a centralized program for the processing, analysis, and management of workers' compensation claims and a risk management program to assist in developing safer work environments. Each participant must pay its premiums, enrollment or other fees, and perform its obligations in accordance with the terms of the agreement.

C. Employee Medical Benefit

The School District participates in the Northern Buckeye Education Council Employee Insurance Benefits Program (Program), a public entity shared risk pool consisting of educational entities within Defiance, Fulton, Henry, Williams, and Wood Counties. The School District pays monthly premiums to the Northern Buckeye Education Council for the benefits offered to its employees including medical, dental, vision, and life insurance. The Northern Buckeye Education Council is responsible for the management and operations of the Program. The agreement for the Program provides for additional assessments to all participants if the premiums are insufficient to pay the program costs for the fiscal year. Upon withdrawal from the Program, a participant is responsible for any claims not processed and paid and any related administrative costs.

NOTE 11 – DEFIANCE BENEFIT PENSION PLANS

A. State Teachers Retirement System

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

**EVERGREEN LOCAL SCHOOL DISTRICT
FULTON COUNTY, OHIO**

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

NOTE 11 – DEFIANCE BENEFIT PENSION PLANS

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

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

For the fiscal year ended June 30, 2011, plan members were required to contribute 10 percent of their annual covered salary and the School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contribution for pension obligations for the fiscal years ended June 30, 2011, 2010, and 2009 was \$793,421, \$754,334, and \$738,856, respectively. The full amount has been contributed for fiscal years 2011, 2010 and 2009. Contributions of \$549,292 were made by plan members for the fiscal year ended June 30, 2011.

B. 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 administered by the School Employees Retirement Board. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746.

**EVERGREEN LOCAL SCHOOL DISTRICT
FULTON COUNTY, OHIO**

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

NOTE 11 – DEFINED BENEFIT PENSION PLANS (CONTINUED)

For the fiscal year ended June 30, 2011, plan members are required to contribute 10% of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14% of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year ending June 30, 2011, the allocation to pension and death benefits is 11.81%. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10% for plan members and 14% for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contribution for pension obligations to SERS for the fiscal years ended June 30, 2011, 2010, and 2009 was \$330,123, \$306,321, and \$293,380, respectively. The full amount has been contributed for fiscal years 2011, 2010 and 2009.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the State Teachers Retirement System or the School Employees Retirement System have an option to choose Social Security or the State Teachers Retirement System/School Employees Retirement System. The Board's liability is 6.2 percent of wages paid.

NOTE 12 – POST EMPLOYMENT BENEFITS

A. State Teachers Retirement System

Plan Description – State Teachers Retirement System of Ohio (STRS Ohio) administers a pension plan that is comprised of: a Defined Benefit Plan; a self-directed Defined Contribution Plan, and a Combined Plan that is a hybrid of the Defined Benefit Plan and the Defined Contribution Plan.

Ohio Law authorizes STRS Ohio to offer a cost-sharing, multiple-employer health care plan. STRS Ohio provides access to health care coverage to eligible retirees who participated in the Defined Benefit or Combined plans. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums.

Pursuant to Chapter 3307 of the Ohio Revised Code, the Retirement Board has discretionary authority over much, if any of the associated health care cost will be absorbed by STRS Ohio. All benefit recipients, for the most recent year, pay a portion of the health care costs in the form of a monthly premium.

STRS Ohio issues a stand-alone financial report. Interested parties can view the most recent Comprehensive Annual Financial Report by visiting www.strsoh.org or by requesting a copy by calling toll free 1-888-227-7877.

Funding Policy – Under Ohio law, funding for post-employment health care may be deducted from employer contributions. Of the 14% employer contribution rate, 1% of covered payroll was allocated to post-employment health care for the years ended June 30, 2011, 2010, and 2009. The 14% employer contribution rate is the maximum rate established under Ohio law.

**EVERGREEN LOCAL SCHOOL DISTRICT
FULTON COUNTY, OHIO**

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

NOTE 12 – POST EMPLOYMENT BENEFITS (CONTINUED)

The School District required contributions for post-employment health care were \$61,032, \$58,026 and \$58,835, respectively. The full amount has been contributed for fiscal year 2011, 2010 and 2009.

B. School Employees Retirement System

Plan Description – In addition to a cost-sharing multiple-employer defined benefit pension plan the School Employees Retirement System of Ohio (SERS) administer 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 was .76%. The School District's contributions for the years ended June 30, 2011, 2010 and 2009 were \$17,921, \$16,628 and \$15,716, respectively which equaled the required contributions for 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 for various vendors, including HMO's, PPO's, 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 401(h). Each year after the allocation for statutory required benefits, the Retirement Board allocates the remainder of the employer 14% contribution to the Health Care Fund. At June 30, 2011, the health care allocation was 1.43%. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provided that no employee shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% 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% employer contribution rate is the total amount assigned to the Health Care Fund. The School District contributions assigned to health care for the years ended June 30, 2011, 2010 and 2009 were \$59,708, \$36,550 and \$112,479, respectively.

**EVERGREEN LOCAL SCHOOL DISTRICT
FULTON COUNTY, OHIO**

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

NOTE 12 – POST EMPLOYMENT BENEFITS (CONTINUED)

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 under Employers/Audit Resources.

NOTE 13 – NOTES PAYABLE AND LONG TERM DEBT

The changes in the School District's notes payable during fiscal year 2011 were as follows:

	Outstanding 6/30/10	Additions	Deletions	Outstanding 6/30/11
Tax Anticipation Notes	\$ 182,245		\$ 120,086	\$ 62,159

Tax anticipation notes totaling \$567,797 were issued February 28, 2007 and mature annually through December 2011. These notes have an interest rate of 4.68%.

Changes in long-term obligations of the School District during fiscal year 2011 were as follows:

	Outstanding 6/30/10	Additions	Deletions	Outstanding 6/30/11	Due within One Year
General Obligation Bonds					
1999 School Improvement	\$ 530,000		\$ 445,000	\$ 85,000	\$ 85,000
2002 Classroom Facilities	1,785,000		85,000	1,700,000	85,000
2005 Unlimited Tax Refund	8,889,998		105,000	8,784,998	489,999
2006 School Improvement	51,355		33,839	17,516	17,516
2010 Energy Conservation	<u> </u>	<u>\$ 1,250,000</u>	<u> </u>	<u>1,250,000</u>	<u>80,000</u>
	<u>\$ 11,256,353</u>	<u>\$ 1,250,000</u>	<u>\$ 668,839</u>	<u>\$ 11,837,514</u>	<u>\$ 757,515</u>

On May 4, 1999 a bond issue for the purpose of renovating, rehabilitating, adding to, constructing, furnishing, equipping and otherwise improving school facilities acquiring and improving their sites was passed. Series 1999 School Improvement Bonds were issued September 8, 1999 for \$11,999,954 with interest rates ranging from 3.75 to 5.625 percent. The bond issue included serial, term, and capital appreciation bonds. Current interest serial bonds mature annually from 2000 through 2014. Current interest terms bonds mature in 2019 and 2024. Capital appreciation bonds mature in 2006, 2007, and 2008. The maturity amount of the capital appreciation bonds is \$1,275,000. On July 26, 2005, \$9,350,000 face value of the bonds were refunded through the issuance of new bonds.

**EVERGREEN LOCAL SCHOOL DISTRICT
FULTON COUNTY, OHIO**

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

NOTE 13 – NOTES PAYABLE AND LONG TERM DEBT (CONTINUED)

On May 7, 2002 School District residents approved a \$2,182,000 bond issue to pay the local share of school construction of a new elementary and renovation of a middle school under the Ohio School Facilities Commission Exceptional Need Project. General obligation classroom facilities improvement bonds totaling \$2,182,000 were issued October 17, 2002 with interest rates ranging from 2 percent to 4.6 percent. The bond issue included serial, term, and capital appreciation bonds. Current interest serial bonds mature annually from 2003 through 2022. Current interest term bonds mature in 2025. Capital appreciation bonds mature in 2006, 2007, and 2008. The maturity amount of the capital appreciation bonds is \$240,000.

On July 25, 2005 a bond issue for the purpose of refunding a portion of the 1999 School Improvement bond issue was made. The new issue has interest rates ranging from 3.0% to 4.2%. The bond issue included serial and capital appreciation bonds. Current interest serial bonds mature annually from 2005 through 2024. Capital appreciation bonds mature in 2014 and 2015. The maturity amount of the capital appreciation bonds is \$530,000.

On February 28, 2007, a bond issue for the purpose of facilities improvements was made. The new issue has an interest rate of 4.68%. The bond issue included term bonds which mature December 1, 2011.

On November 2, 2010, a bond issue for the purpose of energy conservations was made. The new issue has an interest rate of 5.21%. The bond issue included term bonds which mature December 1, 2025.

Total expenditures for interest for the above debt for the period ended June 30, 2011 was \$473,648.

The scheduled payments of principal and interest on debt outstanding at June 30, 2011 are as follows:

<u>For the Years Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2012	\$ 819,674	\$ 464,727	\$ 1,284,401
2013	775,000	432,825	1,207,825
2014	800,000	400,769	1,200,769
2015	322,661	882,825	1,205,486
2016	307,338	900,038	1,207,376
2017-2021	4,465,000	1,412,930	5,877,930
2022-2026	4,410,000	416,750	4,826,750
Total	<u>\$ 11,899,673</u>	<u>\$ 4,910,864</u>	<u>\$ 16,810,537</u>

NOTE 14 – SET ASIDE REQUIREMENTS

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

**EVERGREEN LOCAL SCHOOL DISTRICT
FULTON COUNTY, OHIO**

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

NOTE 14 – SET ASIDE REQUIREMENTS (CONTINUED)

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.

	<u>Textbooks</u>	<u>Capital Improvements</u>
Set-aside Cash Balance, June 30, 2010		
Current Year Set-Aside Requirement	\$ 188,984	\$ 188,984
Current Year Qualifying Expenditures	(131,108)	(81,185)
Excess Qualified Expenditures from Prior Years	(203,049)	
Current Year Offsets		<u>(107,799)</u>
Total	<u>\$ (145,173)</u>	<u> </u>
Balance Carried Forward to Fiscal Year 2012	<u>\$ (145,173)</u>	<u> </u>
Set Aside Reserve Balance June 30, 2011	<u> </u>	<u> </u>

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

NOTE 15 – INTERFUND TRANSFERS

Interfund cash transfers for the year ended June 30, 2011 were as follows:

<u>Transfer From</u>	<u>Debt Service</u>	<u>Special Revenue</u>	<u>Agency</u>	<u>Total</u>
General Fund		\$ 38,451	\$ 510	\$ 38,961
Capital Projects	<u>\$ 200,887</u>	<u> </u>	<u> </u>	<u>200,887</u>
Total	<u>\$ 200,887</u>	<u>\$ 38,451</u>	<u>\$ 510</u>	<u>\$ 239,848</u>

Transfers from the permanent improvement fund to the debt service fund were to make payments on school improvement bonds and tax anticipation note. Transfers from the General Fund were made to Special Revenue Funds to cover athletic participation fees, grant matching funds and operating funds for athletic and to an Agency Fund to cover FFA class fees.

**EVERGREEN LOCAL SCHOOL DISTRICT
FULTON COUNTY, OHIO**

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

NOTE 16 - CONTINGENCIES

Grants

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 conditions 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 June 30, 2011.

NOTE 17 – JOINTLY GOVERNED ORGANIZATIONS

A. Northwest Ohio Computer Association

The School District is a participant in the Northwest Ohio Computer Association (NWOCA). NWOCA is an association of public school districts within the boundaries of Defiance, Fulton, Henry, Lucas, Williams and Wood Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts.

The NWOCA Assembly consists of a superintendent from each participating school district and a representative from the fiscal agent. The Assembly elects the Council. NWOCA is governed by a Council chosen from two representatives from each of the four counties in which the member school districts are located and the representative from the member school district serving as fiscal agent for NWOCA. The degree of control exercised by any participating school district is limited to its representation on the Board. Financial information can be obtained from Robin Pfund, who serves as treasurer, at 209 Nolan Parkway, P.O. Box 407, Archbold, Ohio 43502.

B. Northern Buckeye Education Council

The Northern Buckeye Education Council (the Council) was established in 1979 to foster cooperation among school districts located in Defiance, Fulton, Henry, Lucas, Williams and Wood Counties. The Council is organized under Ohio laws as a regional council of governments pursuant to a written agreement entered into by its member school districts and bylaws adopted by the representatives of the member school districts. To obtain financial information write to the Northern Buckeye Education Council, Robin Pfund, who serves as treasurer, at 209 Nolan Parkway, P.O. Box 407, Archbold, Ohio 43502.

C. Four County Career Center

The Four County Career Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the educational service centers from the counties of Defiance, Fulton, Henry, and Williams; one representative from each of the city school districts; one representative from each of the exempted village school districts; and one additional representative from Fulton County educational service center. The Four County Joint Vocational School possesses its own budgeting and taxing authority. To obtain financial information write to Jennifer Bonner, Treasurer, at Route 1, Box 245A, Archbold, Ohio 43502.

**EVERGREEN LOCAL SCHOOL DISTRICT
FULTON COUNTY, OHIO**

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

NOTE 18 – PUBLIC ENTITY RISK POOLS

A. Northern Buckeye Education Council's Employee Insurance Benefits Program

The Northern Buckeye Education Council's Employee Insurance Benefits Program included health, dental, drug, and life insurance plans. The health, drug, vision, and dental plans are risk-sharing pools among approximately 28 members, and the life insurance plan is a group purchasing pool among 26 members. The purpose of the plans is for its members to pool funds or resources to purchase commercial insurance products and enhance the wellness opportunities for employees.

Each member pays a monthly premium amount, which is established annually by the Council, to the treasurer to comply with the terms of any contracts with any third-party claims administrator or insurance company. The insurance group is governed by a council consisting of two representatives from each of the four counties in which the member school districts are located. The degree of control exercised by any participating member is limited to its representation on the council.

In fiscal year 2011, the Evergreen Local School District contributed a total for all four plans \$1,247,569. Financial information can be obtained from Robin Pfund, who serves as treasurer, at 209 Nolan Parkway, PO Box 407, Archbold, Ohio 43502.

B. Northern Buckeye Education Council's Worker's Compensation Group Rating Plan

The School District participates in a group rating plan for workers' compensation as established under section §4123.29 of the Ohio Revised Code. The Northern Buckeye Education Council's Worker's Compensation Group Rating Plan (WCGRP) was established through the Northern Buckeye Educational Council (NBEC) as a group purchasing pool. The Plan is governed by the NBEC and plan participants. The Executive Director of the Council coordinates the management and administration of the program. Each year, the participating/members pay an enrollment fee to the WCGRP to cover the costs of administering the program. During the fiscal year ending June 30, 2011, the School District paid an enrollment fee of \$1,346 to WCGRP to cover costs of administering the program.

C. The Ohio School Plan

The School District belongs to the Ohio School Plan (Plan), an unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to approximately 400 Ohio schools ("Members").

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity. The Plan provides property, general liability, educator's legal liability, automobile, and violence coverage's, modified for each member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the member's specific deductible.

The Plan issues its own policies and reinsures the Plan with reinsurance carriers. Only if the Plan's paid liability loss ratio exceeds 65% and is less than 80% does the Plan contribute to paid claims. (See the Plan's audited financial statements on the website for more details.) The individual members are responsible for their self-retention (deductible) amounts, which vary from member to member.

**EVERGREEN LOCAL SCHOOL DISTRICT
FULTON COUNTY, OHIO**

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

NOTE 18 – PUBLIC ENTITY RISK POOLS (CONTINUED)

The Plan's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2010 and 2009 (the latest information available):

	2010	2009
Assets	\$ 3,859,753	\$ 3,662,470
Liabilities	1,732,921	1,729,914
Members Equity	2,126,832	1,932,556

NOTE 19 – RELATED ORGANIZATIONS

A. Non-public School

Within the School District's Boundaries, one non-public school is operated by a religious organization. Current state legislation provides funding to this non-public school. These monies are received and disbursed on behalf of the non-public school by the Treasurer of the School District. The accounting for these school operations is reflected as part of the Special Revenue Funds of the School District.

B. Evergreen Community Library

The library is a distinct political subdivision of the State of Ohio created under Chapter 3375 of the Ohio Revised Code. The Library is governed by a Board of Trustees appointed by the Evergreen Local School District Board of Education. The Board of Trustees possesses its own contracting and budgeting authority, hires and fires personnel, and does not depend on the School District for operational subsidies. Although the School District does serve as the taxing authority and may issue tax related debt on behalf of the Library, its role is limited to a ministerial function. The determination to request approval of a tax, the rate and the purpose are discretionary decisions made solely by the Board of Trustees. Financial information can be obtained from the Evergreen Community Library, Jane Dominique, located at 253 Maple Street, Metamora, Ohio 43540.

EVERGREEN LOCAL SCHOOL DISTRICT
FULTON COUNTY

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

FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title	Federal CFDA Number	Receipts	Disbursements
U.S. DEPARTMENT OF EDUCATION			
<i>Passed Through Ohio Department of Education</i>			
Title I Cluster:			
Title I Grants to Local Educational Agencies	84.010	\$ 211,141	\$ 202,538
ARRA - Title I Grants to Local Educational Agencies	84.389	<u>75,487</u>	<u>75,517</u>
Total Title I Grants to LEA Cluster		286,628	278,055
ARRA - State Fiscal Stabilization Fund	84.394	378,549	378,549
Education Jobs Funds	84.410	263,056	263,056
ARRA - Race To the Top	84.395	7,295	7,315
Improving Teacher Quality State Grants	84.367	46,835	48,458
English Language Acquisition Grants	84.365		8
Education Technology State Grants	84.318	<u>1,035</u>	<u>663</u>
Total U.S. Department of Education		<u>983,398</u>	<u>976,104</u>
U.S. DEPARTMENT OF AGRICULTURE			
<i>Passed Through Ohio Department of Education</i>			
Child Nutrition Cluster:			
<u>Non-cash Assistance (Food Distribution Program):</u>			
National School Lunch Program	10.555	47,893	47,893
<u>Cash Assistance:</u>			
National School Lunch Program	10.555	<u>163,049</u>	<u>163,049</u>
Total National School Lunch Program		210,942	210,942
School Breakfast Program	10.553	<u>44,518</u>	<u>44,518</u>
Total U.S. Department of Agriculture		<u>255,460</u>	<u>255,460</u>
Total		<u>\$1,238,858</u>	<u>\$1,231,564</u>

The accompanying notes are an integral part of this schedule.

**EVERGREEN LOCAL SCHOOL DISTRICT
FULTON COUNTY**

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

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Federal Awards Receipts and Expenditures Schedule (the Schedule) reports the Evergreen Local School District's (the School District's) federal award programs' receipts and disbursements. The schedule has been prepared on the cash basis of accounting.

NOTE B - CHILD NUTRITION CLUSTER

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

NOTE C – FOOD DONATION PROGRAM

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



Dave Yost • Auditor of State

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

Evergreen Local School District
Fulton County
14544 County Road 6
Metamora, Ohio 43540-9741

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Evergreen Local School District, Fulton County, Ohio (the School District), as of and for the year ended June 30, 2011, which collectively comprise the School District's basic financial statements and have issued our report thereon dated March 19, 2012, wherein we noted the School District uses a comprehensive accounting basis other than generally accepted accounting principles. We also noted the School District implemented Governmental Accounting Standards Board Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions". We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School District's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the School District's internal control over financial reporting. Accordingly, we have not opined 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, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the School District's financial statements will not be prevented, or detected and timely corrected.

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

Compliance and Other Matters

As part of reasonably assuring whether the School District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2011-001.

We also noted certain matters not requiring inclusion in this report that we reported to the School District's management in a separate letter dated March 19, 2012.

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

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



Dave Yost
Auditor of State

March 19, 2012



Dave Yost • Auditor of State

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

Evergreen Local School District
Fulton County
14544 County Road 6
Metamora, Ohio 43540-9741

To the Board of Education:

Compliance

We have audited the compliance of Evergreen Local School District, Fulton County, Ohio (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 directly and materially affect each of the School District's major federal programs for the year ended June 30, 2011. The *summary of auditor's results* section of the accompanying schedule of findings identifies the School District's major federal programs. The School District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to opine on the School District's compliance based on our audit.

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

In our opinion, Evergreen Local School District, Fulton County, Ohio complied, in all material respects, with the requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

The School District's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the School District's internal control over compliance with requirements that could directly and materially affect a major federal program, to determine our auditing procedures for the purpose of opining on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of opining on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the 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, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected.

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

We noted matters involving federal compliance or internal control over federal compliance not requiring inclusion in this report, that we reported to the School District's management in a separate letter dated March 19, 2012.

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



Dave Yost
Auditor of State

March 19, 2012

**EVERGREEN LOCAL SCHOOL DISTRICT
FULTON COUNTY**

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

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510(a)?	No
(d)(1)(vii)	Major Programs (list):	ARRA - State Fiscal Stabilization Fund - CFDA # 84.394 Education Jobs Funds – CFDA # 84.410
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

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

FINDING NUMBER 2011-01

Noncompliance

Ohio Revised Code, § 117.38, provides that each public office shall file a financial report for each fiscal year. The Auditor of State may prescribe forms by rule or may issue guidelines, or both, for such reports. If the Auditor of State has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office.

Ohio Administrative Code, § 117-2-03(B), which further clarifies the requirements of Ohio Revised Code § 117.38, requires the School District to file annual financial reports which are prepared using generally accepted accounting principles in the United States of America.

The School District prepares its financial statements in a cash format which is a comprehensive basis of accounting other than generally accepted accounting principles. The accompanying financial statements and notes omit assets, liabilities, fund equities, and disclosures that, while material, cannot be determined at this time. Pursuant to Ohio Revised Code § 117.38 the School District may be fined and subject to various other administrative remedies for its failure to file the required financial report.

We recommend the School District take the necessary steps to ensure its financial reports are prepared in accordance with generally accepted accounting principles.

Officials' Response:

The initial decision to use the cash basis "GASB 34 conversion" was made during a time when the School District was experiencing serious financial difficulties and cutbacks. Since then, the School District has continued to weigh the benefits of a full GAAP conversion against the additional cost in terms of both time and money of doing so, and will continue to evaluate this decision as circumstances and resources change.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

**EVERGREEN LOCAL SCHOOL DISTRICT
FULTON COUNTY**

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

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2010-001	Ohio Administrative Code §117-2-03(B) noncompliance for not preparing annual financial report in accordance with accounting principles generally accepted in the United States of America.	No	Finding has not been corrected and is repeated as finding 2011-001 in this report.

This page intentionally left blank.



Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

Evergreen Local School District
Fulton County
14544 County Road 6
Metamora, Ohio 43540-9741

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 of Education, solely to assist the Board of Education in evaluating whether Evergreen Local School District (the School 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 of Education. Consequently; we make no representation regarding the sufficiency of the procedure described below either for the purpose for which this report has been requested or for any other purpose.

We noted the School District amended its anti-harassment policy at its meeting on December 31, 2010 to include violence within a dating relationship within its definition of harassment, intimidation or bullying.

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

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

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

Dave Yost
Auditor of State

March 19, 2012

This page intentionally left blank.



Dave Yost • Auditor of State

EVERGREEN LOCAL SCHOOL DISTRICT

FULTON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 29, 2012**