

GREEN LOCAL SCHOOL DISTRICT
WAYNE COUNTY, OHIO

GENERAL PURPOSE FINANCIAL STATEMENTS

YEAR ENDED JUNE 30, 2003



**Auditor of State
Betty Montgomery**

Board of Education
Green Local School District
484 E. Main Street P.O. Box 438
Smithville, Ohio 44677-0438

We have reviewed the Independent Auditor's Report of the Green Local School District, Wayne County, prepared by Rea & Associates, Inc., for the audit period July 1, 2002 through June 30, 2003. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

November 25, 2003

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**GREEN LOCAL SCHOOL DISTRICT
WAYNE COUNTY, OHIO**

FOR THE YEAR ENDED JUNE 30, 2003

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Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

September 18, 2003

The Board of Education
Green Local School District
Smithville, Ohio 44272

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying general purpose financial statements of the Green Local School District as of and for the year ended June 30, 2003, as listed in the table of contents. These general purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Green Local School District as of June 30, 2003, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 18, 2003, on our consideration of the Green Local School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Rea & Associates, Inc.

GREEN LOCAL SCHOOL DISTRICT
Wayne County, Ohio
Combined Balance Sheet
All Fund Types and Account Groups

June 30, 2003

Governmental Fund Types				
	General	Special Revenue	Debt Service	Capital Projects
Assets and Other Debits				
Assets				
Cash and Cash Equivalents - Unrestricted	\$ 26,211	\$ 158,976	\$ 0	\$ 2,590
Cash and Cash Equivalents - Restricted	274,452	0	0	0
Receivables:				
Taxes	2,527,431	619,998	0	78,252
Accounts	34	13	0	0
Interfund	3,395	0	0	1,149
Intergovernmental Receivable	0	10,229	0	0
Prepaid Items	25,864	0	0	0
Inventory Held For Resale	0	0	0	0
Materials and Supplies Inventory	16,483	0	0	0
Fixed Assets (Net, where applicable of Accumulated Depreciation)	0	0	0	0
Other Debits				
Amount to be Provided From Government Resources	0	0	0	0
Total Assets and Other Debits	\$ 2,873,870	\$ 789,216	\$ 0	\$ 81,991

Liabilities, Fund Equity, and Other Credits

Liabilities				
Accounts Payable	\$ 12,097	\$ 2,644	\$ 0	\$ 0
Accrued Wages and Benefits	615,800	15,919	0	0
Compensated Absences Payable	0	0	0	0
Interfund Payable	0	0	0	0
Intergovernmental Payable	203,358	5,200	0	0
Deferred Revenue	2,344,551	573,719	0	72,411
Undistributed Monies	0	0	0	0
Notes Payable	0	0	0	0
Early Retirement Incentive Payable	0	0	0	0
General Obligation Bonds Payable	0	0	0	0
Total Liabilities	3,175,806	597,482	0	72,411
Fund Equity and Other Credits				
Investment in General Fixed Assets	0	0	0	0
Retained Earnings:				
Unreserved	0	0	0	0
Fund Balance:				
Reserved for Encumbrances	59,661	13,987	0	0
Reserved for Inventory	16,483	0	0	0
Reserved for Prepaid Items	25,864	0	0	0
Reserved for Tax Revenue Unavailable for Appropriations	182,880	0	0	5,797
Reserved for Budget Stabilization	274,452	0	0	0
Unreserved:				
Undesignated	(861,276)	177,747	0	3,783
Total Fund Equity and Other Credits	(301,936)	191,734	0	9,580
Total Liabilities, Fund Equity and Other Credits	\$ 2,873,870	\$ 789,216	\$ 0	\$ 81,991

See accompanying notes to the general purpose financial statements

Proprietary Fund Type	Fiduciary Fund Type	Account Groups			Totals (Memorandum Only)
		Trust and Agency	General Fixed Assets	General Long-Term Obligations	
Enterprise					
\$ 9,722	\$ 100,608	\$ 0	\$ 0	\$ 0	298,107
0	0	0	0	0	274,452
0	0	0	0	0	3,225,681
0	0	0	0	0	47
0	0	0	0	0	4,544
0	0	0	0	0	10,229
0	0	0	0	0	25,864
9,583	0	0	0	0	9,583
0	0	0	0	0	16,483
6,791	0	7,150,370	0	0	7,157,161
0	0	0	1,486,391	0	1,486,391
\$ 26,096	\$ 100,608	\$ 7,150,370	\$ 1,486,391	\$ 0	\$ 12,508,542

\$ 0	\$ 96	\$ 0	\$ 0	\$ 0	14,837
0	0	0	0	0	631,719
16,581	0	0	810,788	0	827,369
4,544	0	0	0	0	4,544
6,449	0	0	68,583	0	283,590
9,583	0	0	0	0	3,000,264
0	58,525	0	0	0	58,525
0	0	0	266,477	0	266,477
0	0	0	130,543	0	130,543
0	0	0	210,000	0	210,000
37,157	58,621	0	1,486,391	0	5,427,868
0	0	7,150,370	0	0	7,150,370
(11,061)	0	0	0	0	(11,061)
0	0	0	0	0	73,648
0	0	0	0	0	16,483
0	0	0	0	0	25,864
0	0	0	0	0	188,677
0	0	0	0	0	274,452
0	41,987	0	0	0	(637,759)
(11,061)	41,987	7,150,370	0	0	7,080,674
\$ 26,096	\$ 100,608	\$ 7,150,370	\$ 1,486,391	\$ 0	\$ 12,508,542

GREEN LOCAL SCHOOL DISTRICT
Wayne County, Ohio
Combined Statement of Revenues, Expenditures,
and Changes in Fund Balances
All Governmental Fund Types and Expendable Trust Funds

For the Year Ended June 30, 2003

	Governmental Fund Type			
	General	Special Revenue	Debt Service	Capital Projects
Revenues				
Taxes	\$ 2,307,276	\$ 648,840	\$ 0	\$ 76,510
Intergovernmental	5,370,924	430,845	0	8,120
Investment Income	22,150	0	0	0
Tuition and Fees	476,711	7,377	0	0
Extracurricular Activities	0	152,032	0	0
Miscellaneous	12,564	100,041	0	0
Total Revenues	8,189,625	1,339,135	0	84,630
Expenditures				
Current:				
Instruction				
Regular	3,790,058	843,056	0	21,900
Special	722,333	195,765	0	0
Vocational	215,813	0	0	0
Other	457,629	0	0	0
Support Services:				
Pupils	288,646	27,160	0	0
Instructional Staff	325,273	36,310	0	0
Board of Education	52,534	0	0	0
Administration	852,603	23,079	0	0
Fiscal	229,443	10,412	0	1,460
Operation and Maintenance of Plant	788,892	0	0	0
Pupil Transportation	618,776	5,790	0	0
Central	92,453	15,026	0	0
Operation of Non-Instructional Services	3,013	0	0	0
Extracurricular Activities	224,540	203,061	0	0
Capital Outlay	1,581	0	0	30,016
Debt Service:				
Principal Retirement	0	0	111,667	0
Interest and Fiscal Charges	0	0	33,988	0
Total Expenditures	8,663,587	1,359,659	145,655	53,376
Excess of Revenues Over (Under) Expenditures	(473,962)	(20,524)	(145,655)	31,254
Other Financing Sources (Uses)				
Proceeds from Sales of Fixed Assets	1,879	0	0	0
Operating Transfers In	31,986	5,293	145,655	0
Operating Transfers Out	(123,970)	0	0	(58,964)
Total Other Financing Sources (Uses)	(90,105)	5,293	145,655	(58,964)
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(564,067)	(15,231)	0	(27,710)
Fund Balance at Beginning Of Year	262,091	206,965	0	37,290
Increase in Reserve for Inventory	40	0	0	0
Fund Balance (Deficit) at End of Year	\$ (301,936)	\$ 191,734	\$ 0	\$ 9,580

See accompanying notes to the general purpose financial statements.

Fiduciary Fund Type		Totals (Memorandum Only)	
Expendable Trust			
\$	0	\$	3,032,626
	0		5,809,889
	1,476		23,626
	0		484,088
	0		152,032
	6,603		119,208
	8,079		9,621,469

	0		4,655,014
	0		918,098
	0		215,813
	0		457,629
	0		315,806
	0		361,583
	8,000		60,534
	0		875,682
	0		241,315
	0		788,892
	0		624,566
	0		107,479
	0		3,013
	0		427,601
	0		31,597
	0		111,667
	0		33,988
	8,000		10,230,277

	79		(608,808)
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	0		1,879
	0		182,934
	0		(182,934)
	0		1,879

	79		(606,929)
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	41,908		548,254
	0		40

\$	41,987	\$	(58,635)
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GREEN LOCAL SCHOOL DISTRICT
Wayne County, Ohio
Combined Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
All Governmental Fund Types and Expendable Trust Funds
(Non-GAAP Budgetary Basis)

For the Year Ended June 30, 2003

GENERAL FUND			
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Taxes	\$ 2,785,351	\$ 2,509,473	\$ (275,878)
Intergovernmental	5,764,777	5,370,924	(393,853)
Investment Income	27,781	22,150	(5,631)
Tuition and Fees	492,280	477,451	(14,829)
Extracurricular Activities	0	0	0
Rentals	7,779	4,172	(3,607)
Miscellaneous	16,668	8,376	(8,292)
Total Revenues	9,094,636	8,392,546	(702,090)
Expenditures			
Current			
Instruction	4,924,429	5,184,936	(260,507)
Support Services			
Pupils	331,078	284,902	46,176
Instructional Staff	428,136	331,196	96,940
Board of Education	69,256	54,942	14,314
Administration	967,793	846,922	120,871
Fiscal	279,560	239,889	39,671
Operation and Maintenance of Plant	1,031,785	808,018	223,767
Pupil Transportation	781,752	621,636	160,116
Central	175,774	93,531	82,243
Operation of Non-Instructional Services	8,023	3,013	5,010
Extracurricular Activities	269,685	221,881	47,804
Capital Outlay	18,721	15,100	3,621
Debt Service			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
Total Expenditures	9,285,992	8,705,966	580,026
Excess of Revenues Over (Under) Expenditures	(191,356)	(313,420)	(122,064)
Other Financing Sources (Uses)			
Refund of Prior Year Expenditures	51,000	24,650	(26,350)
Proceeds from Sales of Fixed Assets	500	1,878	1,378
Refund of Prior Year Receipts	0	(740)	(740)
Other Financing Sources	0	0	0
Advances In	0	0	0
Advances Out	(10,000)	(4,544)	5,456
Operating Transfers In	0	31,986	31,986
Operating Transfers Out	(175,000)	(123,969)	51,031
Total Other Financing Sources (Uses)	(133,500)	(70,739)	62,761
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(324,856)	(384,159)	(59,303)
Fund Balance (Deficit) at Beginning of Year	447,070	447,070	0
Prior Year Encumbrances Appropriated	168,776	168,776	0
Fund Balance (Deficit) at End of Year	\$ 290,990	\$ 231,687	\$ (59,303)

See accompanying notes to the general purpose financial statements.

SPECIAL REVENUE FUND			DEBT SERVICE FUND		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$ 290,369	\$ 602,561	\$ 312,192	\$ 0	\$ 0	\$ 0
238,020	449,570	211,550	0	0	0
0	0	0	0	0	0
3,964	7,377	3,413	0	0	0
68,175	152,032	83,857	0	0	0
0	0	0	0	0	0
42,966	100,194	57,228	0	0	0
643,494	1,311,734	668,240	0	0	0
491,768	1,045,977	(554,209)	0	0	0
13,467	26,852	(13,385)	0	0	0
19,055	36,278	(17,223)	0	0	0
0	0	0	0	0	0
10,793	23,079	(12,286)	0	0	0
4,837	10,412	(5,575)	0	0	0
0	0	0	0	0	0
2,087	5,790	(3,703)	0	0	0
7,269	15,026	(7,757)	0	0	0
0	0	0	0	0	0
109,297	219,328	(110,031)	0	0	0
0	0	0	0	0	0
0	0	0	109,869	109,869	0
0	0	0	35,786	35,786	0
658,573	1,382,742	(724,169)	145,655	145,655	0
(15,079)	(71,008)	(55,929)	(145,655)	(145,655)	0
0	917	917	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
1,600	1,670	70	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	5,293	5,293	145,655	145,655	0
0	0	0	0	0	0
1,600	7,880	6,280	145,655	145,655	0
(13,479)	(63,128)	(49,649)	0	0	0
184,137	184,137	0	0	0	0
21,335	21,335	0	0	0	0
\$ 191,993	\$ 142,344	\$ (49,649)	\$ 0	\$ 0	\$ 0

(continued)

GREEN LOCAL SCHOOL DISTRICT
Wayne County, Ohio
Combined Statement of Revenues, Expenditures, and
Changes in Fund Balances - Budget and Actual
All Governmental Fund Types and Expendable Trust Funds
(Non-GAAP Budgetary Basis)

For the Year Ended June 30, 2003

CAPITAL PROJECTS FUND			
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Taxes	\$ 107,151	\$ 81,776	\$ (25,375)
Intergovernmental	10,574	8,120	(2,454)
Investment Income	0	0	0
Tuition and Fees	0	0	0
Extracurricular Activities	0	0	0
Rentals	0	0	0
Miscellaneous	0	0	0
Total Revenues	117,725	89,896	(27,829)
Expenditures			
Current			
Instruction	39,331	27,619	11,712
Support Services			
Pupils	0	0	0
Instructional Staff	0	0	0
Board of Education	0	0	0
Administration	0	0	0
Fiscal	2,827	1,460	1,367
Operation and Maintenance of Plant	0	0	0
Pupil Transportation	0	0	0
Central	0	0	0
Operation of Non-Instructional Services	0	0	0
Extracurricular Activities	0	0	0
Capital Outlay	52,291	30,016	22,275
Debt Service			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
Total Expenditures	94,449	59,095	35,354
Excess of Revenues Over (Under) Expenditures	23,276	30,801	7,525
Other Financing Sources (Uses)			
Refund of Prior Year Expenditures	0	0	0
Proceeds from Sales of Fixed Assets	0	0	0
Refund of Prior Year Receipts	0	0	0
Other Financing Sources	0	0	0
Advances In	0	0	0
Advances Out	0	0	0
Operating Transfers In	0	0	0
Operating Transfers Out	(50,000)	(58,964)	(8,964)
Total Other Financing Sources (Uses)	(50,000)	(58,964)	(8,964)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(26,724)	(28,163)	(1,439)
Fund Balance (Deficit) at Beginning of Year	2,922	2,922	0
Prior Year Encumbrances Appropriated	27,830	27,830	0
Fund Balance (Deficit) at End of Year	\$ 4,028	\$ 2,589	\$ (1,439)

See accompanying notes to the general purpose financial statements.

EXPENDABLE TRUST FUNDS				TOTALS (MEMORANDUM ONLY)			
Revised Budget	Actual	Variance Favorable (Unfavorable)		Revised Budget	Actual	Variance Favorable (Unfavorable)	
\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,182,871	\$ 3,193,810	\$ 10,939	
0	0	0	0	6,013,371	5,828,614	(184,757)	
1,422	1,476	54		29,203	23,626	(5,577)	
0	0	0		496,244	484,828	(11,416)	
0	0	0		68,175	152,032	83,857	
0	0	0		7,779	4,172	(3,607)	
6,226	6,603	377		65,860	115,173	49,313	
7,648	8,079	431		9,863,503	9,802,255	(61,248)	
0	0	0		5,455,528	6,258,532	(803,004)	
0	0	0		344,545	311,754	32,791	
0	0	0		447,191	367,474	79,717	
7,600	8,000	(400)		76,856	62,942	13,914	
0	0	0		978,586	870,001	108,585	
0	0	0		287,224	251,761	35,463	
0	0	0		1,031,785	808,018	223,767	
0	0	0		783,839	627,426	156,413	
0	0	0		183,043	108,557	74,486	
0	0	0		8,023	3,013	5,010	
0	0	0		378,982	441,209	(62,227)	
0	0	0		71,012	45,116	25,896	
0	0	0		109,869	109,869	0	
0	0	0		35,786	35,786	0	
7,600	8,000	(400)		10,192,269	10,301,458	(109,189)	
48	79	31		(328,766)	(499,203)	(170,437)	
0	0	0		51,000	25,567	(25,433)	
0	0	0		500	1,878	1,378	
(400)	0	400		(400)	(740)	(340)	
0	0	0		1,600	1,670	70	
0	0	0		0	0	0	
0	0	0		(10,000)	(4,544)	5,456	
0	0	0		145,655	182,934	37,279	
0	0	0		(225,000)	(182,933)	42,067	
(400)	0	400		(36,645)	23,832	60,477	
(352)	79	431		(365,411)	(475,371)	(109,960)	
41,906	41,906	0		676,035	676,035	0	
0	0	0		217,941	217,941	0	
\$ 41,554	\$ 41,985	\$ 431		528,565	\$ 418,605	\$ (109,960)	

GREEN LOCAL SCHOOL DISTRICT
Wayne County, Ohio
Combined Statement of Revenues,
Expenses, and Changes in Retained Earnings
All Proprietary Fund Types

For the Year Ended June 30, 2003

	Enterprise Fund
<u>Operating Revenues</u>	
Sales	\$ 330,945
<i>Total Operating Revenues</i>	<u>330,945</u>
<u>Operating Expenses</u>	
Salaries	139,131
Fringe Benefits	69,317
Purchased Services	3,232
Materials and Supplies	221,385
Depreciation	5,000
Maintenance	320
Other Operating Expenses	1,993
<i>Total Operating Expenses</i>	<u>440,378</u>
Operating Loss	<u>(109,433)</u>
<u>Non-Operating Revenues (Expenses)</u>	
Operating Grants	79,117
Other Non-Operating Revenue	1,589
Interest	149
<i>Total Non-Operating Revenues (Expenses)</i>	<u>80,855</u>
Net Loss	(28,578)
Retained Earnings at Beginning of Year	<u>17,517</u>
Total Retained Earnings (Deficit) at End of Yea	<u><u>\$ (11,061)</u></u>

See accompanying notes to the general purpose financial statements.

GREEN LOCAL SCHOOL DISTRICT
Wayne County, Ohio
Combined Statement of Cash Flows
All Proprietary Fund Types

For the Year Ended June 30, 2003

	Enterprise Fund
Cash Flows From Operating Activities	
Cash Received from Customers	\$ 339,297
Cash Paid for Goods and Services	(219,429)
Cash Paid to Employees	(206,706)
Net Cash Used For Operating Activities	(86,838)
Cash Flows From Capital and Related Financing Activities	
Purchase of Equipment	(3,013)
Net Cash Used For Capital and Related Financing Activities	(3,013)
Cash Flows From Non-Capital Financing Activities	
Grants	79,117
Other Non-Operating Revenues	1,738
Net Cash Provided By Non-Capital Activities	80,855
Net Decrease in Cash and Cash Equivalents	(8,996)
Cash and Cash Equivalents at Beginning of Year	18,718
Cash and Cash Equivalents at End of Year	\$ 9,722
Reconciliation of Operating Loss to Net Cash Used For Operating Activities	
Operating Loss	\$ (109,433)
Adjustments to Reconcile Operating Loss to Net Cash Used For Operating Activities:	
Depreciation	5,000
Decrease in Accounts Receivable	12,710
Decrease in Inventory	6,403
Decrease in Accounts Payable	(3,373)
Increase in Compensated Absences Payable	1,742
Increase in Interfund Payable	4,544
Decrease in Intergovernmental Payable	(73)
Decrease in Deferred Revenue	(4,358)
Total Adjustments	22,595
Net Cash Used For Operating Activities	\$ (86,838)

See accompanying notes to the general purpose financial statements.

GREEN LOCAL SCHOOL DISTRICT
WAYNE COUNTY, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

JUNE 30, 2003

NOTE 1 NATURE OF BASIC OPERATIONS AND DESCRIPTION OF THE ENTITY

The Green Local School District (the District) was established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is a local school district as defined by Section 3311.04 of the Ohio Revised Code. The District operates under an elected Board of Education, consisting of five members, and is responsible for providing public education to residents of the District. Average daily membership on, or as of, October 1, 2002, was 1,369. The District employs 104 certificated and 60 non-certificated employees.

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

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and 1) the District is able to significantly influence the programs or services performed or provided by the organization; or 2) the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of or provided financial support to the organization; or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt, or the levying of taxes. The District has no component units.

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

NOTE 2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. MEASUREMENT FOCUS, BASIS OF ACCOUNTING, AND BASIS OF PRESENTATION

The accounts of the Green Local School District are organized and operated on the basis of fund and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and managerial requirements. Account groups are a reporting device to account for certain assets and liabilities of the governmental funds not recorded directly in those funds. The Green Local School District has the following fund types and account groups:

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Governmental Fund Types

Governmental fund types are used to account for the District's general government activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting.

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

Non-exchange transactions, in which the School District received value without directly giving equal value in return, including property taxes, grants, entitlements, and donations. Revenue from property taxes is recognized in the fiscal year for which taxes are levied (see note 8). Revenue from grants is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose and expenditure requirements in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: property taxes available as an advance, interest, tuition, grants, student fees, and rentals.

Deferred Revenue – Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of June 30, 2003, but which were levied to finance fiscal year 2004 operations, have been recorded as deferred revenue.

Under the modified accrual basis of accounting, receivables that will not be collected within the available period have also been reported as deferred revenue.

Expenditures – Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, since the measurement focus of governmental funds is on decreases in financial resources. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service funds for payment to be made early in the following year. Compensated absences are reported as a fund liability when payment will require the current available financial resources. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds. Governmental funds include the following fund types:

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General Fund - used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds - used to account for the proceeds of specific revenue sources, other than expendable trusts or major capital projects, that are legally restricted to expenditure for specified purposes.

Debt Service Fund - used to account for the accumulation of resources for the payment of interest and principal on long-term general obligation debt other than those payable from enterprise funds.

Capital Projects Fund - used to account for financial resources to be used for the acquisition or construction of major capital facilities other than those financed by proprietary or trust funds.

Proprietary Fund Types

Proprietary fund types are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred. Unused donated commodities are reported as deferred revenue. Allocations of costs, such as depreciation, are recognized in the proprietary funds. As permitted, the Board of Education has elected to apply only applicable FASB Statements and Interpretations issued before November 30, 1989 in its accounting and reporting practices for its proprietary operations unless they contradict/conflict with GASB pronouncements. Proprietary funds include the following fund types:

Enterprise Funds - used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs, including depreciation where applicable, of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges; or where the governing body has decided that periodic determination of revenues earned, expenses incurred, and net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Fiduciary Fund Types

Fiduciary fund types account for assets held by the government in a trustee capacity or as an agent on behalf of others. Fiduciary fund types are as follows:

Expendable Trust Fund - accounted for in essentially the same manner as the governmental fund types, using the same measurement focus and basis of accounting.

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Agency Fund - custodial in nature and do not present results of operations or have a measurement focus. Agency funds are accounted for using the modified accrual basis of accounting. These funds are used to account for assets that the government holds for others in an agency capacity.

Account Groups

The District maintains two account groups as described below:

General Fixed Assets Account Group - used to account for fixed assets acquired principally for general purposes other than those accounted for in proprietary or trust funds.

General Long-term Debt Account Group - used to account for the outstanding principal balances of general obligation bonds and other long-term debt not reported in proprietary funds.

B. DEPOSITS AND INVESTMENTS

For purposes of the statement of cash flows, the District considers all highly liquid debt instruments purchased with a maturity of three months or less to be cash equivalents. The District pools its cash for investment and administration purposes. Deposit and investment procedures are restricted by the provisions of the Ohio Revised Code. Purchased investments and other cash equivalents are neither charged when purchased nor credited at the time of redemption to their respective fund balances. Investment income is recorded in the general fund, as permitted by the Ohio Revised Code. Investments are stated at cost which approximates market value at year-end. Cash deposits are reported as carrying amounts, which reasonably estimates fair value.

C. RESTRICTED ASSETS

Restricted assets in the general fund represent cash and cash equivalents set aside to establish a budget reserve. This cash is restricted by the District and can be used only after receiving approval from the District Board of Education. A fund balance reserve has also been established.

D. RECEIVABLES

Receivables are reflected at their gross value reduced by the estimated amount that is expected to be uncollectible.

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E. INVENTORIES AND SUPPLIES

The costs of inventory items are recognized as expenditures when purchased in the governmental funds and recognized as expenses when used in the enterprise funds. For all funds, cost is determined on a first-in, first-out basis.

Reported inventories in the governmental fund types are equally offset by a fund balance reserve which indicates that they do not constitute available spendable resources even though they are a component of net current assets.

F. PREPAID EXPENSES

The District uses the consumption method to account for prepaid expenses. Under the consumption method the prepaid items are recorded as an expenditure when used.

G. FIXED ASSETS AND DEPRECIATION

Fixed assets used in governmental fund types of the District are recorded in the general fixed assets account group at cost or estimated historical cost if purchased or constructed. Donated fixed assets are recorded at their estimated fair value at the date of donation. Assets in the general fixed assets account group are not depreciated. Interest incurred during construction is not capitalized on general fixed assets. The District does not possess any infrastructure.

Fixed assets which are used in proprietary fund type activities are capitalized in the respective funds. Fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at estimated fair market value when received, based on historical information available. Depreciation is computed using the straight-line method based on the estimated life of assets. Estimated useful lives of the various classes of depreciable assets consist of: buildings, 30 to 50 years; improvements, 30 to 50 years; equipment, including vehicles, 5 to 20 years.

H. LONG-TERM LIABILITIES

Unmatured general long-term liabilities, which are related to governmental fund type operations, are reflected in the general long-term debt account group.

I. UNPAID COMPENSATED ABSENCES

The entire estimated amount of unpaid compensated absences, including sick pay and vacation pay, of the proprietary type funds is reflected as a liability in the respective funds. The portion of unpaid compensated absences related to governmental fund type operations is reflected in the general long-term debt account group.

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the termination method. The liability is

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based on an estimate of the amount of accumulated sick leave that will be paid as a termination benefit.

J. FUND EQUITY

The unreserved fund balances for governmental funds represent the amount available for budgeting future operations. The reserved fund balances for governmental funds represent the amount that has been legally identified for specific purposes. Unreserved retained earnings for proprietary funds represent the net assets available for future operations.

K. TOTAL COLUMNS

Total columns on the general purpose financial statements are captioned "Memorandum Only" because they do not represent consolidated financial information and are presented only to facilitate financial analysis. The columns do not present information that reflects financial position, results of operations or cash flows in accordance with generally accepted accounting principles. Interfund eliminations have not been made in the aggregation of this data.

NOTE 3 ACCOUNTABILITY

The following funds have a fund balance (deficit):

General Fund	\$ (301,936)
Enterprise Fund:	
Lunchroom	(20,592)
Boys/Girls Locker Room	(1,289)

The general fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

Total expenditures of the General Fund, Special Revenue Fund and the Enterprise Fund exceed their respective appropriations.

NOTE 4 STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. BUDGETARY PROCESS

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified.

All funds, other than agency funds, are required to be budgeted and appropriated. The primary level of budgetary control is at the fund level. Budgetary modifications may only be made by resolution of the Board of Education.

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B. BUDGETARY BASIS

Tax Budget

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

Estimated Resources

The County Budget Commission determines if the budget substantiates a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Commission certifies its actions to the District by March 1. As part of the certification, the District receives the official certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure. On or about July 1, the certificate of estimated resources is amended to include any unencumbered balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed current estimates. Budget receipts, as shown in the accompanying "Combined Statement of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual (Non-GAAP Budgetary Basis) - All Governmental Fund Types" do not include July 1, 2003 unencumbered fund balances. However, those fund balances are available for appropriations.

Appropriations

A temporary appropriations measure to control expenditures may be passed on or about July 1 of each year for the period July 1 to September 30. An annual appropriation resolution must be passed by October 1 of each year for the period July 1 to June 30. The appropriation resolution fixes spending authority at the fund level and may be amended during the year as new information becomes available provided that total fund appropriations do not exceed current estimated resources, as certified.

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The allocation of appropriations within a fund may be modified during the year by a resolution of the Board of Education. Several supplemental appropriation resolutions were legally enacted by the Board of Education during the year. The budget figures, as shown in the accompanying "Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (Non-GAAP Budgetary Basis) - All Governmental Fund Types", represent the final appropriation amounts including all amendments and modifications.

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

Encumbrances

As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the Non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. The Ohio Revised Code prohibits expenditures plus encumbrances from exceeding appropriations. On the GAAP basis, encumbrances outstanding at year-end for governmental funds are reported as reservations of fund balance for subsequent-year expenditures.

Budgetary Reporting

While reporting financial position, results of operations, and changes in fund balances on the basis of generally accepted accounting principles (GAAP basis), the budgetary basis, as provided by law, is based upon accounting for transactions on a basis of cash receipts, disbursements, and encumbrances. Accordingly, the "Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (Non-GAAP Budgetary Basis) - All Governmental Fund Types" is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget and to demonstrate compliance with state statute. The major differences between the budget basis and the modified accrual basis of generally accepted accounting principles (GAAP basis) are that:

- 1.) Revenues are recorded when received (budget basis) as opposed to when susceptible to accrual (GAAP basis).
- 2.) Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
- 3.) Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and as note disclosures in the proprietary fund types (GAAP basis).

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- 4.) For proprietary funds, the acquisitions and construction of capital assets are reported on the operating statement (budget basis) rather than on the balance sheet (GAAP basis).
- 5.) Proceeds from and principal payments on bond and tax anticipation notes are reported on the operating statement (budget basis) rather than on the balance sheet (GAAP basis).
- 6.) The School District repays short-term note debt from the debt service fund (budget basis) as opposed to the fund that received the proceeds (GAAP basis). Debt Service fund resources used to pay both principal and interest have been allocated accordingly.

The adjustments necessary to convert the results of operations for the year from the budget basis to the GAAP basis for the governmental funds follow:

<u>Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses)</u>					
<u>Reconciliation of Budget Basis to GAAP Basis</u>					
	<u>General Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Capital Project Funds</u>	<u>Expendable Trust Fund</u>
Budget Basis	\$ (384,159)	\$ (63,128)	\$ 0	\$ (28,163)	\$ 79
Adjustments, increase (decrease)					
Revenue accruals	(227,573)	24,814	0	(5,266)	0
Expenditures accruals	(21,307)	6,452	0	5,719	0
Encumbrances	68,972	16,631	0	0	0
GAAP Basis, as reported	<u>\$ (564,067)</u>	<u>\$ (15,231)</u>	<u>\$ 0</u>	<u>\$ (27,710)</u>	<u>\$ 79</u>

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NOTE 5 DEPOSITS AND INVESTMENTS

A. LEGAL REQUIREMENTS

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

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

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

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

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

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

- (1) United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal and interest by the United States;
- (2) Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuance's of federal government agencies or instrumentalities;
- (3) Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement exceeds the principal value of the agreement by at least two percent and be marked to market daily with the term of the agreement not exceeding thirty days;
- (4) Bonds and other obligations of the State of Ohio;

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- (5) No load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
- (6) The State Treasurer's investments pool (STAR Ohio);
- (7) Certain bankers' acceptance and commercial paper notes for a period not to exceed one hundred and eighty days in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and
- (8) Under limited circumstances, corporate debt instruments rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

B. DEPOSITS AND CASH

The following information classifies deposits and investments by categories of risk as defined in GASB Statement 3, "Deposits with Financial Institutions, Investments, and Reverse Repurchase Agreements."

At year-end, the carrying amount of the Green Local School District deposits was \$(18,522), the bank balance was \$102,438, of which \$100,000 was covered by federal depository insurance, \$2,438, by collateral held by the Green Local School District, or by collateral held by a qualified third party trustee in the name of Green Local School District.

C. INVESTMENTS

The District's investments are categorized below to give an indication of the level of risk assumed by the District at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the District or its agent in the District's name. Category 2 includes uninsured and unregistered investments which are held by the counterparty's trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty or by its trust department or agent, but not in the District's name. The carrying value of deposits and investments are presented in the combined balance sheet as equity in pooled cash and cash equivalents. STAROhio is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form.

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Statutory provisions require that all securities acquired by the District be held by the District treasurer or deposited with a qualified trustee. Securities acquired under a repurchase agreement must be deposited with such a trustee unless the counterpart is a designated depository of the District for the current period of designation of depositories, in which case the securities may be held in trust by the depository.

	Category			Carrying Value	Fair Value
	1	2	3		
Repurchase Agreement	\$ 0	\$ 0	\$ 401,983	\$ 401,983	\$ 401,983
Investment in State Treasurer's Pool Fund				189,098	189,098
Total Investments				<u>\$ 591,081</u>	<u>\$ 591,081</u>

NOTE 6 FIXED ASSETS AND ACCUMULATED DEPRECIATION

A. GENERAL FIXED ASSETS ACCOUNT GROUP

The changes in general fixed assets during the year consisted of:

	Balance <u>June 30, 2002</u>	Additions	Disposals	Balance <u>June 30, 2003</u>
Land improvements	\$ 305,669	\$ 0	\$ 0	\$ 305,669
Buildings	3,387,103	0	0	3,387,103
Furniture and equipment	1,785,649	63,947	20,000	1,829,596
Education media	796,878	0	0	796,878
Vehicles	820,643	110,481	100,000	831,124
	<u>\$ 7,095,942</u>	<u>\$ 174,428</u>	<u>\$ 120,000</u>	<u>\$ 7,150,370</u>

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B. PROPRIETARY FUND TYPE FIXED ASSETS

Proprietary fund type fixed assets and accumulated depreciation at year-end consisted of:

Enterprise	Balance June 30, 2003
Equipment	\$ 184,724
Less: accumulated depreciation	177,933
Net fixed assets	\$ 6,791

NOTE 7 GENERAL LONG-TERM OBLIGATIONS

	Outstanding June 30, 2002	Additions	Disposals	Outstanding June 30, 2003
General Obligation Bonds at 6.5%, matures on 2005	\$ 305,000	\$ 0	\$ 95,000	\$ 210,000
Permanent Improvement Notes at 5.75%	283,144	0	16,667	266,477
Early Retirement Incentive	194,915	130,543	194,915	130,543
Accrued SERS	69,823	68,583	69,823	68,583
Accrued Vacation	24,456	27,446	24,456	27,446
Accrued Sick Leave Benefits	716,476	783,342	716,476	783,342
	\$ 1,593,814	\$ 1,009,914	\$ 1,117,337	\$ 1,486,391

Outstanding general obligation bonds consist of school building construction issues.

General obligation bonds are direct obligations of the District for which it's full faith, credit, and resources are pledged and are payable from taxes levied on all taxable property in the District.

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The annual requirements to amortize all debt outstanding as of June 30, 2003, including interest payments of \$115,405 are as follows:

Year Ending June 30,	<u>General Obligations Bonds</u>
2004	\$ 145,145
2005	149,195
2006	32,595
2007	32,595
2008	32,595
Thereafter	199,757
Total	<u>\$ 591,882</u>

NOTE 8 PROPERTY TAXES

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the District. The Wayne County Auditor is responsible for assessing and remitting these property taxes to the District.

Real property taxes are based on assessed value equal to thirty-five percent of appraisal value. The Wayne County Auditor reappraises real property every six years with a triennial update, the last update for Wayne County was 2002. Real property tax, which becomes a lien on the applicable real property, becomes due annually on December 31. However, in Wayne County, real property taxes are billed semi-annually, one year in arrears. The tax rate applied to real property collected in 2002 before certain homestead and rollback reductions, which reductions are reimbursed to the District by the State of Ohio, amounted to \$44.45 per \$1,000 of valuation for Wayne County. The effective rate applied after adjustment for inflationary increases in property values was \$23.37 per \$1,000 of assessed valuation for residential and agricultural real property, and \$25.68 per \$1,000 of assessed valuation for other real property.

Tangible personal property used in business is required to be reported by its owners by April 30 of each year. The property is assessed for tax purposes at varying statutory percentages of cost. The tax rate applied to tangible personal property for the current year ended December 31, 2002 was \$44.45 per \$1,000.

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The property valuation consisted of:

Real Property - 2002	
Residential/Agricultural	\$ 92,250,250
Commerical/Agricultural	10,011,660
Public Utilities	67,290
Manufactured Homes	184,140
Tangible Personal Property - 2002	
General	5,420,520
Public Utilities	5,342,350
Total valuation	\$ 113,276,210

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property, and public utility taxes which became measurable at June 30, 2003. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current year operations. The receivable is, therefore, offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30 is recognized as revenue. The amount available to the District as an advance at June 30, 2003, was \$235,000.

NOTE 9 INTERFUND TRANSACTIONS

Interfund balances at June 30, 2003, consist of the following individual fund receivables and payables:

Fund	Receivable	Payable
General	\$ 3,395	\$ 0
Capital Projects	1,149	0
Enterprise Fund:		
Lunchroom	0	4,544
	\$ 4,544	\$ 4,544

NOTE 10 PENSION PLANS

A. SCHOOL EMPLOYEES RETIREMENT SYSTEM (SERS)

The Green Local School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information for SERS. The report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling (614) 222-5853.

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Plan members are required to contribute 9% of their annual covered salary and Green Local School District is required to contribute at an actuarially determine rate. The current rate is 14% of annual covered payroll. The contribution requirements of plan members and Green Local School District are established and may be amended, up to statutory maximum amounts, by the SERS Retirement Board. The School District's required contributions to SERS for the fiscal years ended June 30, 2003, 2002, and 2001 were \$170,280, \$161,484, and \$147,966, respectively; 50% has been contributed for fiscal year 2003, and 100% for the fiscal years 2002 and 2001. \$85,680 represents the unpaid contribution for fiscal year 2003, and is recorded as a liability within the respective funds.

B. STATE TEACHERS RETIREMENT SYSTEM (STRS)

The Green Local School District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system. STRS provides retirement and disability benefits, annual cost-of-living adjustments, and death and survivor benefits to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information for STRS. That report may be obtained by writing to the State Teachers Retirement System 275 East Broad Street, Columbus, and Ohio 43215-3771, or by calling (614) 227-4090.

Plan members are required to contribute 9.3% of their annual covered salary and Green Local School District is required to contribute at an actuarially determine rate. The current rate is 14% of annual covered payroll. Contribution rates are established by and may be amended by the STRS Board of Trustees. The School District's required contributions to STRS for the fiscal years ended June 30, 2003, 2002, and 2001 were \$663,648, \$662,016, and \$608,952, respectively; 83% has been contributed for fiscal year 2003, and 100% for fiscal years 2002 and 2001. \$106,540 represents the unpaid contribution for fiscal year 2003, and is recorded as a liability within the respective funds.

NOTE 11 POSTEMPLOYMENT BENEFITS

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

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of health care costs in the form of a monthly premium. By law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate; currently 14% of covered payroll. For the fiscal year ended June 30, 2003, the STRS Board allocated employer contributions equal to 1% of covered payroll to the

GREEN LOCAL SCHOOL DISTRICT
WAYNE COUNTY, OHIO
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Health Care Reserve Fund. For the School District, this amount equaled \$44,394 during the 2003 fiscal year.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 2002, (the latest information available) the balance in the Fund was \$3.011 billion. For the year ended June 30, 2002, the health care costs paid by STRS were \$354,697,000 and STRS had 105,300 eligible benefit recipients.

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

After the allocation for basic benefits, the remainder of the employer's 14% contribution is allocated to providing health care benefits. For the fiscal year, ended June 30, 2003, employer contributions to fund health care benefits were 8.54% of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2002, the minimum pay has been established at \$12,400. The surcharge, added to the unallocated portion of the 14% employer contribution rate, provides for maintenance of the asset target level for the health care fund. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2003 fiscal year equaled \$117,853.

Health care benefits are financed on a pay-as-you-go basis. The target level for the health care reserve is 150% of annual health care expenses. Expenses for health care for the fiscal year ended June 30, 2002 (the latest information available), were \$182,946,777 and the target level was \$274.4 million. At June 30, 2002, SERS had net assets available for payment of health care benefits of \$335.2 million. SERS had approximately 50,000 participants currently receiving health care benefits.

GREEN LOCAL SCHOOL DISTRICT
WAYNE COUNTY, OHIO
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JUNE 30, 2003

NOTE 12 SEGMENT INFORMATION - ENTERPRISE FUNDS

The District maintains enterprise funds to account for the operation of school food service and uniform school supplies. Segment information related to these follows:

	Food Services	Uniform Supplies	High School Athletic Resale	Girls/Boys Locker Room	Total
Operating revenues	\$ 276,615	\$ 54,330	\$ 0	\$ 0	\$ 330,945
Operating expenses					
Salaries and wages	139,131	0	0	0	139,131
Fringe benefits	69,317	0	0	0	69,317
Contractual services	3,232	0	0	0	3,232
Material and supplies	160,227	58,952	2,011	195	221,385
Other expense	2,313	0	0	0	2,313
Depreciation	5,000	0	0	0	5,000
Total operating expenses	379,220	58,952	2,011	195	440,378
Operating income (loss)	(102,605)	(4,622)	(2,011)	(195)	(109,433)
Non-operating revenues, net	79,266	0	1,565	24	80,855
Net income (loss)	\$ (23,339)	\$ (4,622)	\$ (446)	\$ (171)	\$ (28,578)
Other information:					
Net working capital	\$ (27,383)	\$ 10,031	\$ 789	\$ (1,289)	\$ (17,852)
Fixed assets, net	\$ 6,791	\$ 0	\$ 0	\$ 0	\$ 6,791
Total assets	\$ 16,565	\$ 10,031	\$ 789	\$ (1,289)	\$ 26,096
Total equity	\$ (20,592)	\$ 10,031	\$ 789	\$ (1,289)	\$ (11,061)

NOTE 13 JOINTLY GOVERNED ORGANIZATIONS

A. TRI-COUNTY COMPUTER SERVICE ASSOCIATION (TCCSA)

The Tri-County Computer Services Association (TCCSA) is a jointly governed organization comprised of 22 school districts. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions for member districts. Each of the governments of these districts supports TCCSA based upon a per pupil charge dependent upon the software package utilized. The TCCSA council of governments consists of a superintendent or designated representative from each participating district and a representative from the fiscal agent. TCCSA is governed by an executive committee chosen from the general membership of the TCCSA council of governments. The executive committee consists of a representative from the fiscal agent, the chairman of each operating committee, and at least an assembly member from each

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county from which participating districts are located. Financial information can be obtained by contacting the Treasurer at the Ashland - Wayne County Education Services Center, which serves as fiscal agent, located at 2534 Burbank Road, Wooster, Ohio 44691. During the year ended June 30, 2003, the District paid approximately \$20,220 to TCCSA for basic service charges.

NOTE 14 RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The District has a comprehensive property and casualty policy with the Indiana Insurance Company. The deductible is \$1,000 per incident on property and \$250 per incident on equipment. All vehicles are also insured with the Indiana Insurance Company and have a \$250 deductible. All board members, administrators, and employees are covered under a school district liability policy with the Great American Insurance Company. The limits of this coverage are \$2,000,000 per occurrence and \$5,000,000 per aggregate. Settled claims have not exceeded this commercial coverage in any of the past three years. There has not been a significant reduction in coverage from the prior year. All the board members and the superintendent have a \$20,000 position bond with the Nationwide Insurance Company.

The treasurer is covered under a surety bond in the amount of \$20,000. This bond is provided by the Nationwide Insurance Company.

The District pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. The District is a member of the Ohio School Board Association Group Rating System. This rate is calculated based on accident history and administrative costs. The group presently consists of over 400 school districts.

NOTE 15 OTHER MATTERS

On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision reaffirmed earlier decisions that Ohio's current school-funding plan is unconstitutional.

The Supreme Court relinquished jurisdiction over the case and directed "... the Ohio General Assembly to enact a school-funding scheme that is thorough and efficient...". The School District is currently unable to determine what effect, if any, this decision will have on its future State funding and its financial operations.

GREEN LOCAL SCHOOL DISTRICT
WAYNE COUNTY, OHIO
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NOTE 16 STATUTORY RESERVES

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

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

	<u>Textbook Reserve</u>	<u>Maintenance Reserve</u>	<u>Budget Reserve</u>	<u>Total</u>
Balance 7/1/02	\$ 0	\$ 0	\$ 274,452	\$ 274,452
Required Set-Aside	185,122	185,122	0	370,244
Additional Set-Asides	0	0	0	0
Qualifying Expenditures	<u>(245,839)</u>	<u>(218,101)</u>	<u>0</u>	<u>(463,940)</u>
Total	<u>\$ (60,717)</u>	<u>\$ (32,979)</u>	<u>\$ 274,452</u>	<u>\$ 180,756</u>
Cash Balance Carried Forward FY 2003	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 274,452</u>	
Amount Restricted for Set-Asides				<u>\$ 274,452</u>
Total Restricted Assets				<u>\$ 274,452</u>

Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

September 18, 2003

The Board of Education
Green Local School District
Smithville, Ohio 44272

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS

We have audited the general purpose financial statements of Green Local School District as of and for the year ended June 30, 2003, and have issued our report thereon dated September 18, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Green Local School District's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of Green Local School District in a separate letter dated September 18, 2003.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Green Local School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to management of Green Local School District in a separate letter dated September 18, 2003.

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

Rea & Associates, Inc.

Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

September 18, 2003

The Board of Education
Green Local School District
Smithville, Ohio 44272

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

Compliance

We have audited the compliance of Green Local School District with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2003. Green Local School District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Green Local School District's management. Our responsibility is to express an opinion on Green Local School District's compliance based on our audit.

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

In our opinion, Green Local School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2003.

Internal Control Over Compliance

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

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

Schedule of Expenditures of Federal Awards - Non GAAP Budgetary Basis

We have audited the general purpose financial statements of Green Local School District as of and for the year ended June 30, 2003, and have issued our report thereon dated September 18, 2003. Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the general purpose financial statements of Green Local School District. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

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

Rea & Associates, Inc.

GREEN LOCAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CASH BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003

Federal Grantor/ Pass Through Grantor/ Program Title	CFDA Number	Grant Number	Program Amount	Federal Receipts	Federal Disbursements	Non-Cash Disbursements
U. S. Department of Education (Passed Through State Department of Education):						
Title 1	84.010	C1-S1-02	113,434	\$ 18,963	\$ 26,638	\$ 0
Title 1	84.010	C1-S1-03	105,781	102,224	71,361	0
<i>Total Title 1</i>				121,187	97,999	0
IDEA Part B	84.027	6B-SF-02P	97,874	11,084	29,082	0
IDEA Part B	84.027	6B-SF-03P	126,660	126,660	103,224	0
<i>Total IDEA Part B</i>				137,744	132,306	0
Eisenhower Grant	84.281	MS-S1-02	6,292	52	52	0
Title VI-R	84.340	CR-S1-02	28,765	3,421	3,421	0
Title V	84.298	C2-S1-03	7,504	7,504	7,504	0
Title IV-A	84.186	DR-S1-03	7,512	7,512	7,512	0
Title II-A	84.367	TR-S1-03	45,815	45,815	45,815	0
Title II-D	84.318	TJ-S1-03	2,896	2,896	2,896	0
Assistive Tech Infusion Program	84.352	AT-S1-02	4,167	4,167	4,167	0
Total U.S. Department of Education				330,298	301,672	0
U. S. Department of Health & Human Services (Passed Through State Department of MRDD):						
Medical Assistance Program/CAFS	93.778			17,458	17,458	0
U. S. Department of Agriculture (Passed Through State Department of Education):						
Nutrition Cluster:						
Food Distribution Program (A)	10.550			39,809	0	43,968
National School Lunch Program (B)	10.555			86,677	86,677	0
Special Milk Program (B)	10.556			1,717	1,717	0
Total U.S. Department of Agriculture: Nutrition Cluster				128,203	88,394	43,968
TOTAL FEDERAL FINANCIAL ASSISTANCE				\$ 475,959	\$ 407,524	\$ 43,968

- (A) Government commodities are reported at the fair market value of the commodities received and disbursed.
 (B) Federal money commingled with state subsidy reimbursements. It is assumed federal moneys are expended first.

**GREEN LOCAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 , Section .505
JUNE 30, 2003**

1. SUMMARY OF AUDITOR'S RESULTS

(d) (1) (i)	Type of Financial Statement Opinion	Unqualified
(d) (1) (ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d) (1) (iii)	Was there any reported material non- compliance at the financial statement level (GAGAS)?	No
(d) (1) (iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d) (1) (iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d) (1) (v)	Type of Major Programs' Compliance Opinion	Unqualified
(d) (1) (vi)	Are there any reportable findings under Section .510?	No
(d) (1) (vii)	Major Programs (list):	IDEA Part B, CFDA #84.027
(d) (1) (viii)	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: All others
(d) (1) (ix)	Low Risk Auditee?	Yes

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

None were noted

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None were noted



**Auditor of State
Betty Montgomery**

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GREEN LOCAL SCHOOL DISTRICT

WAYNE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
DECEMBER 9, 2003**