

GREEN LOCAL SCHOOL DISTRICT
Summit County, Ohio
Audited Financial Statements

June 30, 2011



Dave Yost • Auditor of State

Board of Education
Green Local School District
1755 Town Park Blvd
P. O. Box 218
Green, Ohio 44232

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

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

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

Dave Yost
Auditor of State

January 30, 2012

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**GREEN LOCAL SCHOOL DISTRICT
SUMMIT COUNTY**

JUNE 30, 2011

Table of Contents

	<i>Page</i>
Independent Auditor's Report	1-2
Management's Discussion and Analysis	3-10
Government-Wide Financial Statements:	
Statement of Net Assets	11
Statement of Activities.....	12
Fund Financial Statements:	
Balance Sheet – Governmental Funds	13
Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities.....	14
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	15
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	16
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual – General Fund.....	17
Statement of Fund Net Assets – Proprietary Funds	18
Statement of Revenues, Expenditures and Changes in Fund Balances – Proprietary Funds	19
Statement of Cash Flows – Proprietary Funds	20
Statement of Fiduciary Net Assets.....	21
Statement of Changes in Fiduciary Net Assets – Private Purpose Trust.....	22
Notes to the Basic Financial Statements	23-50
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards.....	51-52
Independent Auditor's Report on Compliance with Requirements that Could have a Direct and Material Effect on Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133	53-54

**GREEN LOCAL SCHOOL DISTRICT
SUMMIT COUNTY**

JUNE 30, 2011

Table of Contents (continued)

Schedule of Expenditures of Federal Awards.....	55
Notes to Schedule of Expenditures of Federal Awards	56
Schedule of Findings & Questioned Costs	57
Independent Accountant’s Report on Applying Agreed Upon Procedures	58

December 15, 2011

To the Board of Education
Green Local School District
Green, OH 44232

Independent Auditor's Report

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

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the School District as of June 30, 2011, and the respective changes in financial position and the cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we also have issued our report dated December 15, 2011, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or compliance. That report is an integral part of the audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis on pages 3 through 10 is not a required part of the basic financial statements, but is supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements, and in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Rea & Associates, Inc.

Green Local School District (Summit County)

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

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

Financial Highlights

Key financial highlights for 2011 are as follows:

- General Revenues accounted for \$35,774,066 in revenue or 84.3 percent of all revenues. Program specific revenues in the form of charges for services and sales, grants, and contributions accounted for \$6,658,028 or 15.7 percent of total revenues of \$42,432,094.
- Total program expenses were \$43,123,032 in governmental activities.
- In total, net assets of governmental activities decreased \$690,938 which represents a 22.3 percent decrease from 2010.
- Outstanding debt obligations increased from \$22,578,661 to \$24,870,015 during the fiscal year due to the issuance of tax anticipation notes in fiscal year 2011.

Reporting the School District as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2011?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include *all assets* and *liabilities* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

- Governmental Activities - Most of the School District's programs and services are reported here, including instruction, support services, operation and maintenance of plant, operation of non-instructional, extracurricular activities, interest and fiscal charges, and food service. The government-wide financial statements begin on page 11.

Green Local School District (Summit County)

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

The financial statement of the School District's governmental funds begins on page 13. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the general fund and the permanent improvement capital project fund.

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

Proprietary Funds – The School District maintains a proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the School District's various functions. The School District uses an internal service fund to account for its health insurance benefits. Because this service predominantly benefits governmental functions, it has been included within the governmental activities in the government-wide financial statements.

The proprietary fund financial statements begin on page 18.

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

The fiduciary fund financial statement begins on page 21.

Notes to the Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 23.

Green Local School District (Summit County)

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

The School District as a Whole

Recall that the Statement of Net Assets provides the perspective of the School District as a whole.

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

**(Table 1)
Net Assets**

	Governmental Activities	
	2011	Restated 2010
Assets:		
Current and other assets	\$ 29,655,642	\$ 26,053,415
Capital assets	<u>40,082,416</u>	<u>41,866,810</u>
Total assets	<u>69,738,058</u>	<u>67,920,225</u>
Liabilities:		
Long-term liabilities	36,478,567	38,793,363
Other liabilities	<u>30,852,661</u>	<u>26,029,094</u>
Total liabilities	<u>67,331,228</u>	<u>64,822,457</u>
Net Assets:		
Invested in capital assets, net of related debt	19,421,351	19,018,149
Restricted	1,444,184	1,703,512
Unrestricted (deficit)	<u>(18,458,705)</u>	<u>(17,623,893)</u>
Total net assets	<u>\$ 2,406,830</u>	<u>\$ 3,097,768</u>

Current assets increased by \$3,602,227. Taxes receivable increased by approximately \$1.7 million due to the passage of a new emergency levy in May 2011. Cash also increased by approximately \$1.7 million due to unspent proceeds from the tax anticipation notes issued near the end of fiscal year 2011. Capital assets decreased by \$1,784,394 as current year depreciation expense and net disposals exceeded current year additions.

Total liabilities increased by \$2,508,771. This increase was a primary result of the addition of notes payable.

As a result of the above, overall net assets of the School District decreased \$690,938, or 22.3 percent compared to fiscal year 2010.

Green Local School District (Summit County)

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

Table 2 shows the changes in net assets for fiscal year 2011 and 2010.

**(Table 2)
Governmental Activities**

	<u>2011</u>	<u>2010</u>
Revenues		
<i>Program Revenues:</i>		
Charges for Services	\$ 2,386,186	\$ 2,503,679
Operating Grants	3,312,255	2,599,813
Capital grants and contributions	959,587	373,098
<i>General Revenue:</i>		
Property Taxes	21,289,207	20,776,166
Grants and Entitlements	14,347,736	15,069,053
Other	137,123	177,320
<i>Total Revenues</i>	<u>42,432,094</u>	<u>41,499,129</u>
Program Expenses		
Instruction	24,455,801	24,445,789
Support Services	15,236,010	14,354,424
Operation of Non-Instructional	151,120	125,470
Food Service	1,280,499	1,434,259
Extracurricular Activities	1,188,281	1,142,719
Interest and Fiscal Charges	811,321	991,971
<i>Total Expenses</i>	<u>43,123,032</u>	<u>42,494,632</u>
Increase (Decrease) in Net Assets	<u>\$ (690,938)</u>	<u>\$ (995,503)</u>

Fiscal year 2010 includes activities re-classed to fiduciary funds in fiscal year 2011 with the implementation of GASB 54 (see Note 4). Amounts are insignificant and would not impact the analysis of entity wide operations.

Total expenses of \$43,123,032, increased by \$628,400 over 2010. The most significant increases were in support services. One of the primary causes of the increase in support services was the increase in administration due to costs of the administration building. Interest expense decreased during the fiscal year as a result of paying down long term debt.

Green Local School District (Summit County)

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

Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements. All governmental activities had total revenues of \$42,432,094 and expenses of \$43,123,032.

**(Table 3)
Governmental Activities**

	2011		2010	
	Total Cost of Service	Net Cost of Service	Total Cost of Service	Net Cost of Service
Instruction	\$ 24,455,801	\$ 21,398,724	\$ 24,445,789	\$ 22,569,195
Support Services:				
Pupil and Instructional Staff	3,929,088	3,349,621	4,765,388	3,602,132
Board of Education, Administration, Fiscal, and Business	5,065,955	5,065,955	4,060,846	3,938,045
Operation and Maintenance of Plant	4,302,144	3,714,137	3,770,894	3,676,293
Pupil Transportation	1,928,277	1,928,277	1,731,739	1,707,802
Central	10,546	10,546	25,557	25,557
Operation of Non-Instructional	151,120	(8,851)	125,470	(20,474)
Extracurricular Activities	1,188,281	237,790	1,142,719	487,185
Food Service Operations	1,280,499	(42,516)	1,434,259	40,336
Interest and Fiscal Charges	811,321	811,321	991,971	991,971
Total Expenses	<u>\$ 43,123,032</u>	<u>\$ 36,465,004</u>	<u>\$ 42,494,632</u>	<u>\$ 37,018,042</u>

Fiscal year 2010 includes activities re-classed to fiduciary funds in fiscal year 2011 with the implementation of GASB 54 (see Note 4). Amounts are insignificant and would not impact the analysis of entity wide operations.

Instruction and student support services comprise 92 percent of governmental program expenses. Interest and fiscal charges were 1.9 percent. Interest expense was attributable to the outstanding bonds, and fiscal expenses including payments to the County Auditor for administrative fees. Pupil transportation and the operation and maintenance of facilities accounts for 14.4 percent of governmental program expenses.

The dependence upon tax revenues for governmental activities is apparent. The community, as a whole, is by far the primary support for School District students.

The School District's Funds

The fund financial statements for the School District's major funds start on page 13. The School District's governmental funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$42,067,929 and total expenditures of \$43,203,956.

Green Local School District (Summit County)

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

The general fund balance decreased in 2011 by \$823,397. This decrease in the general fund was the result of the decreased revenue, particularly intergovernmental revenue and tuition and fees and in increase in expenditures in the support services of pupils and administration.

The permanent improvement fund balance decreased in 2011 by \$35,616. This decrease in the permanent improvement fund was the result of tax levy monies for permanent improvements being used to pay outstanding bond/debt.

General Fund Budgeting Highlights

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

During the course of fiscal year 2011, the School District did modify its general fund budget. The School District uses site-based budgeting and budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

For the General Fund, the final budget basis revenue including other financing sources increased to \$36,931,187 from the original budget estimates of \$31,793,038. The School District begins the fiscal year with a temporary budget. This is updated in September with Board approval of the permanent appropriations. Budget adjustments are made throughout the year as updated information becomes available.

Actual revenues including other financing sources of \$36,934,633 were \$3,446 more than the final budgeted amounts.

Actual expenditures including other financing uses and encumbrances of \$34,730,433 were \$863,578, lower than the \$35,594,011 in the final budget. The majority of this decrease is from a decrease by cutting costs in day to day operations.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2011, the School District had \$40 million invested in land, construction in progress, buildings and improvements, furniture and equipment, and vehicles. Table 4 shows fiscal year 2011 balances compared with 2010.

**(Table 4)
Capital Assets at June 30
(Net of Depreciation)**

	2011	2010
Land	\$ 1,031,143	\$ 1,031,143
Construction in Progress	6,893	0
Buildings and Improvements	36,867,646	37,941,893
Furniture and Equipment	1,409,890	2,124,324
Vehicles	766,844	769,450
Totals	<u>\$ 40,082,416</u>	<u>\$ 41,866,810</u>

Green Local School District (Summit County)

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

The \$1,784,394 decrease in capital assets was attributable to depreciation expense exceeding capital asset additions.

See Note 9 to the basic financial statements for detail on the School District's capital assets.

Ohio law requires School Districts to set aside 3 percent of certain revenues for capital improvements and an additional 3 percent for textbooks. For fiscal year 2011, this amounted to \$633,788 for each set aside. The School District has qualifying disbursements or offsets equal to or exceeding these requirements for capital improvements and textbook/instructional materials. See Note 21 for additional information.

Debt

At June 30, 2011, the School District had long-term debt obligations, capital leases and notes payable of \$24,870,015. Table 5 summarizes outstanding debt.

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

	2011	2010
Long Term Debt Obligations	\$ 20,630,931	\$ 22,068,477
Capital Lease	239,084	510,184
Notes Payable	4,000,000	0
Totals	<u>\$ 24,870,015</u>	<u>\$ 22,578,661</u>

See Note 14 and Note 15 to the basic financial statements for detail on the School District's long-term debt and notes payable.

Current Issues

The Green Local School District continues to receive strong support from the residents of Green Local School District. As the preceding information shows, Green Local School District relies heavily on its local property taxpayers. The last emergency levy passed by the residents of the district was in May, 2011, in the amount of \$4.8 million.

Real estate and personal property tax collections have shown small increases. The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. The overall revenue generated by a levy will not increase solely as a result of inflation due the passage of emergency levies which can only derive the dollar amount indicated by the levy. As an example, a homeowner with a home valued at \$100,000 and taxed at 1.0 mill would pay \$35.00 annually in taxes. If three years later the home was reappraised and increased to \$200,000 (and this inflationary increase in value is comparable to other property owners) the effective tax rate would become .5 mills and the owner would still pay \$35.00. This is compounded by changes in the funding formula used in Ohio that has frozen the funding received from the State at the level received in fiscal year 2005.

Green Local School District (Summit County)

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

Thus, Green Local School District's dependence upon property taxes is hampered by a lack of revenue growth and must regularly return to the voters to maintain a constant level of service. Property taxes made up 49% of revenues for governmental activities for the Green Local School District in fiscal year 2011. This will increase in fiscal year 2012 with the collection of the new emergency levy.

Green Local School District has also been affected by increased delinquency rates and changes in the personal property tax structure (utility deregulation) and commercial business/property uncertainties. Management has diligently planned expenses so that the new levy will stretch for the five years it is planned and beyond. This will be increasingly difficult with mandates in gifted education, rising utility costs and gasoline expenses, increased special education services required for our students, and significant increases in health insurance and property/liability/fleet insurance.

From a State funding perspective, the Ohio Supreme Court in March, 1997 found that the school funding system provided by the State of Ohio was an unconstitutional system that was neither "adequate" nor "equitable". Since 1997, the State has continually refused to meet the standards of the Ohio Supreme Court.

Green Local School District does not anticipate any meaningful growth in State revenue. The concern is that, to meet the requirements of the Court, the State may require redistribution of state funding based upon each district's property wealth. This could have a significant impact on Green Local School District. How the legislature plans to fund education programs during a weakened economy remains a concern.

All scenarios require management to plan carefully and prudently to provide the resources to meet student needs over the next several years.

In addition, the Green Local School District's systems of budgeting and internal controls are well regarded. All of the Green Local School District's financial abilities will be needed to meet the challenges of the future.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Eydie Snowberger, Treasurer of Green Local School District, 1755 Town Park Blvd, P.O. Box 218, Green, Ohio 44232.

Green Local School District (Summit County)

Statement of Net Assets

June 30, 2011

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 4,980,626
Receivables:	
Taxes	23,849,007
Accounts	3,930
Intergovernmental	613,131
Bond Issuance Costs	208,948
Nondepreciable Capital Assets	1,038,036
Depreciable Capital Assets (Net)	<u>39,044,380</u>
<i>Total Assets</i>	<u>69,738,058</u>
Liabilities	
Accounts Payable	264,946
Contracts Payable	531,194
Accrued Wages and Benefits	4,267,459
Vacation Benefits Payable	145,695
Intergovernmental Payable	1,031,771
Notes Payable	4,000,000
Deferred Revenue	20,514,728
Interest Payable	96,868
Long Term Liabilities:	
Due Within One Year	2,602,178
Due in More Than One Year	<u>33,876,389</u>
<i>Total Liabilities</i>	<u>67,331,228</u>
Net Assets	
Invested in Capital Assets, Net of Related Debt	19,212,403
Restricted for:	
Capital Projects	463,044
Debt Service	841,233
Set Asides	102,972
Other Purposes	139,907
Unrestricted	<u>(18,352,729)</u>
<i>Total Net Assets</i>	<u>\$ 2,406,830</u>

See accompanying notes to the basic financial statements.

Green Local School District (Summit County)
Statement of Activities
For the Fiscal Year Ended June 30, 2011

	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Total
Governmental Activities					
Current:					
Instruction:					
Regular	\$ 16,472,321	\$ 283,263	\$ 138,635	\$ 0	\$ (16,050,423)
Special	5,557,793	117,093	1,897,031	0	(3,543,669)
Vocational	155,807	0	17,819	0	(137,988)
Student intervention	60,761	0	0	0	(60,761)
Other	980,476	0	0	0	(980,476)
Support services:					
Pupils	2,295,864	73,553	579,467	0	(1,642,844)
Instructional staff	1,633,224	0	0	0	(1,633,224)
Board of education	21,530	172,023	0	0	150,493
Administration	3,562,507	130,502	0	0	(3,432,005)
Fiscal	1,326,850	8,565	0	0	(1,318,285)
Business	155,068	0	0	0	(155,068)
Operation and maintenance of plant	5,530,787	0	0	588,007	(4,942,780)
Pupil transportation	1,928,277	218,593	0	0	(1,709,684)
Central	10,546	0	0	0	(10,546)
Operation of non-instructional services:					
Food Service Operations	1,280,499	820,682	502,333	0	42,516
Community Services	151,120	0	159,971	0	8,851
Extracurricular activities	1,188,281	561,911	17,000	371,580	(237,790)
Interest and fiscal charges	811,321	0	0	0	(811,321)
Total Governmental Activities	\$ 43,123,032	\$ 2,386,185	\$ 3,312,256	\$ 959,587	(36,465,004)
General Revenues					
Property Taxes Levied for:					
					16,796,171
					1,412,097
					3,080,939
					14,347,736
					9,379
					127,744
					35,774,066
					(690,938)
					3,097,768
					\$ 2,406,830

See accompanying notes to the basic financial statements.

Green Local School District (Summit County)

*Balance Sheet
Governmental Funds
June 30, 2011*

	General	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 3,322,302	\$ 718,052	\$ 827,242	\$ 4,867,596
Restricted Cash and Cash Equivalents	102,972	0	0	102,972
Receivables:				
Taxes	19,324,851	3,102,279	1,421,877	23,849,007
Accounts	3,930	0	0	3,930
Intergovernmental	225,328	0	387,803	613,131
Interfund	152,034	0	0	152,034
<i>Total Assets</i>	<u>\$ 23,131,417</u>	<u>\$ 3,820,331</u>	<u>\$ 2,636,922</u>	<u>\$ 29,588,670</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$ 201,755	\$ 18,940	\$ 40,022	\$ 260,717
Contracts Payable	0	531,194	0	531,194
Interfund Payable	0	0	152,034	152,034
Accrued Wages and Benefits	3,734,840	52,381	480,238	4,267,459
Intergovernmental Payable	978,333	3,185	50,253	1,031,771
Deferred Revenue	17,360,507	2,699,053	1,240,039	21,299,599
Notes Payable	4,000,000	0	0	4,000,000
<i>Total Liabilities</i>	26,275,435	3,304,753	1,962,586	31,542,774
Fund Balances				
Restricted	102,972	515,578	977,858	1,596,408
Unassigned	(3,246,990)	0	(303,522)	(3,550,512)
<i>Total Fund Balances</i>	<u>(3,144,018)</u>	<u>515,578</u>	<u>674,336</u>	<u>(1,954,104)</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 23,131,417</u>	<u>\$ 3,820,331</u>	<u>\$ 2,636,922</u>	<u>\$ 29,588,670</u>

See accompanying notes to the basic financial statements.

Green Local School District (Summit County)
*Reconciliation of Total Governmental Fund Balances to
 Net Assets Governmental Activities
 June 30, 2011*

Total Governmental Fund Balances		\$ (1,954,104)
 <i>Amounts reported for governmental activities in the statement of net assets are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.		40,082,416
Other long-term assets are not available to pay for current-period expenditures and therefore, are deferred in the funds.		
SERS Reimbursement	\$ 47,567	
Tuition	180,735	
Delinquent Property Taxes	556,569	784,871
Bond issuance costs reported as an expenditure in the funds are allocated as an expense over the life of the debt on an accrual basis.		208,948
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.		5,829
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore, are not reported in the funds.		
General Obligation Bonds	20,630,931	
Interest Payable	96,868	
Capital Lease Payable	239,084	
Compensated Absences	1,575,896	
Vacation Payable	145,695	
Severance Payable	581,463	
Unearned Revenue-Long Term (See Note 13)	13,451,193	(36,721,130)
 Net Assets of Governmental Activities		 \$ 2,406,830

See accompanying notes to the basic financial statements.

Green Local School District (Summit County)
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2011

	General	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 16,829,980	\$ 3,087,164	\$ 1,414,950	\$ 21,332,094
Intergovernmental	13,361,874	588,006	4,281,115	18,230,995
Investment income	9,379	0	0	9,379
Tuition and fees	951,250	0	0	951,250
Extracurricular activities	308,467	0	253,445	561,912
Rentals	16,872	0	0	16,872
Charges for services	0	0	820,683	820,683
Gifts and donations	0	17,000	0	17,000
Miscellaneous	87,381	0	40,363	127,744
<i>Total Revenues</i>	<u>31,565,203</u>	<u>3,692,170</u>	<u>6,810,556</u>	<u>42,067,929</u>
Expenditures:				
Current:				
Instruction:				
Regular	14,935,953	27,278	1,439,752	16,402,983
Special	4,148,829	0	1,496,265	5,645,094
Vocational	147,942	7,422	0	155,364
Student intervention	60,761	0	0	60,761
Other	952,916	0	27,349	980,265
Support services:				
Pupils	1,934,236	0	381,879	2,316,115
Instructional staff	1,094,331	494,918	41,408	1,630,657
Board of education	21,594	0	0	21,594
Administration	2,288,514	317,073	307,500	2,913,087
Fiscal	1,133,205	93,219	115,168	1,341,592
Business	157,917	0	0	157,917
Operation and maintenance of plant	2,872,331	459,873	0	3,332,204
Pupil transportation	1,719,217	247,303	0	1,966,520
Central	9,051	0	0	9,051
Operation of non-instructional services				
Food service operations	0	1,952	1,265,163	1,267,115
Community Services	1,488	0	149,632	151,120
Extracurricular activities	891,490	54,319	241,252	1,187,061
Capital outlay	0	1,136,843	0	1,136,843
Debt service:				
Principal retirement	0	499,520	1,185,000	1,684,520
Interest and fiscal charges	19,152	388,066	436,875	844,093
<i>Total Expenditures</i>	<u>32,388,927</u>	<u>3,727,786</u>	<u>7,087,243</u>	<u>43,203,956</u>
<i>Excess (Deficiency) of Revenues Over (Under) Expenditures</i>	(823,724)	(35,616)	(276,687)	(1,136,027)
Other Financing Sources (Uses):				
Proceeds from sales of capital assets	2,421	0	0	2,421
Transfers in	0	0	2,094	2,094
Transfers out	(2,094)	0	0	(2,094)
<i>Total Financing Sources and (Uses)</i>	<u>327</u>	<u>0</u>	<u>2,094</u>	<u>2,421</u>
<i>Net Change in Fund Balance</i>	(823,397)	(35,616)	(274,593)	(1,133,606)
<i>Fund balance (deficit) at beginning of year (Restated, see Note 4)</i>	<u>(2,320,621)</u>	<u>551,194</u>	<u>948,929</u>	<u>(820,498)</u>
<i>Fund balance (deficit) at end of year</i>	<u>\$ (3,144,018)</u>	<u>\$ 515,578</u>	<u>\$ 674,336</u>	<u>\$ (1,954,104)</u>

See accompanying notes to the basic financial statements.

Green Local School District (Summit County)
Reconciliation of the Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2011

Net Change in Fund Balances - Total Governmental Funds	\$	(1,133,606)
 <i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures, however, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital outlay in the current period.		
Capital Asset Additions	\$ 424,037	
Current Year Depreciation	<u>(1,894,530)</u>	(1,470,493)
Net effect of transactions involving sale of capital assets are not reflected in the funds.		
		(313,900)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Unearned revenue	371,580	
Tuition	35,471	
SERS Reimbursement	9,002	
Delinquent Property Taxes	<u>(42,886)</u>	373,167
Governmental funds report the effect of issuance costs and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.		
		(23,216)
Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		
Bond Principal	1,185,000	
Learning Center	228,420	
Capital Leases	<u>271,100</u>	1,684,520
Some expenses reported in the statement of activities do not use the current financial resources and therefore, are not reported as expenditures in governmental funds.		
Amortization of Refunding Loss	(9,903)	
Amortization of Premium on Debt	34,029	
(Increase) decrease in Interest Payable	31,861	
(Increase) decrease in Compensated Absences Payable	56,717	
(Increase) decrease in Vacation Payable	3,075	
(Increase) decrease in Severance Payable	<u>177,853</u>	293,632
The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-wide statement of activities. The net revenue (expense) of internal service funds is reported with governmental activities.		
		<u>(101,042)</u>
Change in Net Assets of Governmental Activities	\$	<u><u>(690,938)</u></u>

See accompanying notes to the basic financial statements.

Green Local School District (Summit 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*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Taxes	\$ 17,635,709	\$ 17,144,975	\$ 16,234,464	\$ (910,511)
Intergovernmental	9,138,499	12,771,921	13,361,877	589,956
Investment Income	6,415	8,965	9,379	414
Tuition and Fees	648,900	906,899	948,790	41,891
Rentals	11,539	16,127	16,872	745
Miscellaneous	59,762	83,523	87,381	3,858
<i>Total Revenues</i>	<u>27,500,824</u>	<u>30,932,410</u>	<u>30,658,763</u>	<u>(273,647)</u>
Expenditures:				
Current:				
Instruction	19,098,600	21,101,502	20,595,019	506,483
Support Services				
Pupils	1,530,488	1,691,169	1,652,219	38,950
Instructional Staff	961,898	1,062,839	1,037,931	24,908
Board of Education	22,274	24,531	23,208	1,323
Administration	2,121,244	2,342,705	2,277,183	65,522
Fiscal	1,048,947	1,159,073	1,132,380	26,693
Business	155,935	172,204	167,261	4,943
Operation and Maintenance of Plant	2,715,608	3,000,118	2,925,499	74,619
Pupil Transportation	1,613,127	1,782,060	1,737,058	45,002
Central	2,806	3,100	3,029	71
Extracurricular Activities	820,404	906,526	885,548	20,978
Debt Service:				
Principal Retirement	1,760,015	1,944,794	1,900,000	44,794
Interest & Fiscal Charges	17,741	19,604	19,152	452
<i>Total Expenditures</i>	<u>31,869,087</u>	<u>35,210,225</u>	<u>34,355,487</u>	<u>854,738</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,368,263)	(4,277,815)	(3,696,724)	581,091
Other Financing Sources (Uses):				
Proceeds from Anticipation Notes	4,035,148	5,639,502	5,900,000	260,498
Proceeds from Sale of Capital Assets	1,656	2,314	2,421	107
Refund of Prior Year Expenditures	408	571	597	26
Transfers In	255,002	356,390	372,852	16,462
Transfers Out	(347,321)	(383,786)	(374,946)	8,840
<i>Total Other Financing Sources (Uses)</i>	<u>3,944,893</u>	<u>5,614,991</u>	<u>5,900,924</u>	<u>285,933</u>
<i>Net Change in Fund Balance</i>	(423,370)	1,337,176	2,204,200	867,024
<i>Fund Balance (Deficit) at Beginning of Year</i>	872,369	872,369	872,369	0
Prior Year Encumbrances Appropriated	44,793	44,793	44,793	0
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$ 493,792</u>	<u>\$ 2,254,338</u>	<u>\$ 3,121,362</u>	<u>\$ 867,024</u>

See accompanying notes to the basic financial statements.

Green Local School District (Summit County)

Statement of Fund Net Assets

Proprietary Funds

June 30, 2011

	Governmental Activities Internal Service Fund
Assets	
Current Assets:	
Equity in Pooled Cash and Cash Equivalents	\$ 10,058
<i>Total Assets</i>	<u>10,058</u>
Liabilities	
Current Liabilities:	
Accounts Payable	4,229
<i>Total Liabilities</i>	4,229
Net Assets	
Unrestricted	<u>5,829</u>
<i>Total Net Assets</i>	<u>\$ 5,829</u>

See accompanying notes to the basic financial statements.

Green Local School District (Summit County)
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Fiscal Year Ended June 30, 2011

	Governmental Activities - Internal Service Fund
<hr/>	
Operating Revenues:	
Charges for services	\$ 1,044,863
<i>Total Operating Revenues</i>	<u>1,044,863</u>
Operating Expenses:	
Purchased services	740,079
Materials and supplies	13,749
Claims	<u>392,077</u>
<i>Total Operating Expenses</i>	<u>1,145,905</u>
<i>Change in Net Assets</i>	(101,042)
<i>Net Assets (Deficit) Beginning of Year</i>	<u>106,871</u>
<i>Net Assets (Deficit) End of Year</i>	<u><u>\$ 5,829</u></u>

See accompanying notes to the basic financial statements.

Green Local School District (Summit County)

Statement of Cash Flows

Proprietary Funds

For the Fiscal Year Ended June 30, 2011

	<u>Governmental Activities - Internal Service Fund</u>
Cash Flows From Operating Activities:	
Cash Received from Charges for Services	\$ 1,044,863
Cash Paid for Administrative Costs	(751,435)
Cash Paid for Claims	<u>(758,949)</u>
<i>Net Cash Provided By (Used For) Operating Activities</i>	<u>(465,521)</u>
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	(465,521)
<i>Cash and Cash Equivalents at Beginning of Year</i>	<u>475,579</u>
<i>Cash and Cash Equivalents at End of Year</i>	<u><u>\$ 10,058</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities:	
Operating Income (Loss)	\$ (101,042)
Adjustments:	
Increase (Decrease) in Liabilities	
Accounts Payable	2,393
Claims Payable	<u>(366,872)</u>
<i>Total Adjustments</i>	<u>(364,479)</u>
<i>Net Cash Provided By (Used For) Operating Activities</i>	<u><u>\$ (465,521)</u></u>

See accompanying notes to the basic financial statements.

Green Local School District (Summit County)

Statement of Fiduciary Net Assets

Fiduciary Funds

June 30, 2011

	<u>Private Purpose Scholarship</u>	<u>Agency</u>
Assets		
Equity in Pooled Cash and Cash Equivalents	\$ 3,972	\$ 156,168
Accounts Receivable	<u>0</u>	<u>10</u>
<i>Total Assets</i>	<u>3,972</u>	<u>\$ 156,178</u>
Liabilities		
Accounts Payable	1,000	\$ 3,034
Undistributed Monies	<u>0</u>	<u>153,144</u>
<i>Total Liabilities</i>	<u>1,000</u>	<u>\$ 156,178</u>
Net Assets		
Held in Trust for Scholarships	<u>\$ 2,972</u>	

See accompanying notes to the basic financial statements.

Green Local School District (Summit County)
Statement of Changes in Fiduciary Net Assets
Private Purpose Trust Fund
For the Fiscal Year Ended June 30, 2011

	Private Purpose Trust
Additions	
Gifts and Contributions	\$ 1,000
<i>Total Additions</i>	1,000
Deductions	
Payments in Accordance with Trust Agreements	1,400
<i>Change in Net Assets</i>	(400)
<i>Net Assets Beginning of Year - Restated (See Note 4)</i>	3,372
<i>Net Assets End of Year</i>	\$ 2,972

See accompanying notes to the basic financial statements.

Green Local School District (Summit County)

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

NOTE 1 – DESCRIPTION OF THE SCHOOL DISTRICT

The Green Local School District (the School District) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The School District operates under a locally-elected five-member board of education and provides educational services as mandated by state and/or federal agencies. This Board controls the School District's instructional/support facilities staffed by 251 non-certificated employees and 286 certificated full-time teaching personnel who provide services to 4,328 students and other community members.

The School District provides more than instruction to its students. These additional services include student guidance, extracurricular activities, educational media, and care and upkeep of grounds and buildings. The operation of each of these activities is directly controlled by the Board of Education through the budgetary process. These School District operations will be included as part of the reporting entity.

Financial accountability is defined as the appointment of a voting majority of the component unit's board and either (1) the School District's ability to impose its will over the component unit, or (2) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the School District. Management has determined the School District has no component units.

The School District is associated with two jointly governed organizations and one public entity risk pool. These organizations are the Northeast Ohio Network for Educational Technology, the Interval Opportunity School and the Stark County Schools Council of Governments Health Benefit Plan. These organizations are presented in Notes 18 and 19 to the basic financial statements.

On this basis, the basic financial statements include all of the funds of the School District over which the Board of Education exercises operating control.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The School District also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental activities and proprietary fund provided they do not conflict with or contradict GASB pronouncements. The FASB has codified its standards and the standards issued prior to November 30, 1989 are included in the codification.

The most significant of the School District's accounting policies are described below.

A. Basis of Presentation

The School District's basic financial statements consist of government-wide 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. The activity of the internal service fund is eliminated to avoid "doubling up" revenue and expenses.

Green Local School District (Summit County)

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

B. Fund Accounting

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

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

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

Permanent Improvement Capital Projects Fund The permanent improvement capital projects fund accounts for financial resources to be used for the acquisitions, construction, or improvement of major capital facilities other than those financed by proprietary funds.

The other governmental funds of the School District account for grants and other resources to which the School District is bound to observe constraints imposed upon the use of the resources.

Proprietary Fund Type Proprietary fund reporting focuses on the determination of operating income, changes in net assets, financial position and cash flows. The following is the School District's proprietary fund type:

Green Local School District (Summit County)

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Internal Service Fund The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost reimbursement basis. The School District's only internal service fund accounts for a self-insurance program for employee healthcare and prescription drug benefits (see Note 10D).

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

C. Measurement Focus

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

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

Like the government-wide statements, all proprietary fund types are accounted for on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of these funds are included on the statement of net assets. The statement of revenues, expenses, and changes in net assets presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets. The statement of cash flows provides information about how the School District finances and meets the cash flow needs of its proprietary fund activities.

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

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Proprietary and fiduciary funds also use the accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

Green Local School District (Summit County)

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. (See Note 7.) Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the 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 nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes available as an advance, 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, 2011, but which were levied to finance fiscal year 2012 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

Expenses/Expenditures On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the fund financial statements as “Intergovernmental Revenue” and an expenditure of “Food Service Operations”. In addition, this amount is reported on the statement of activities as an expense with a like amount reported within the “Operating Grants and Contributions” program revenue account.

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

E. Cash and Cash Equivalents

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

Green Local School District (Summit County)

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

During fiscal year 2011, the School District had investments in STAROhio, (the State Treasurer's Investment Pool) and a repurchase agreement. See Note 6 for a full listing of the School District's investments. Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investments contracts such as overnight repurchase agreements are reported at cost.

STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 2011.

For presentation on the financial statements, investments of the cash management pool and investments with a maturity of three months or less at the time they are purchased by the School District are considered to be cash equivalents. Investments with an initial maturity of more than three months that are not purchased from the pool are reported as investments.

Following Ohio statutes, the Board of Education has, by resolutions, identified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2011 amounted to \$9,379, which included \$3,353 assigned from other School District funds.

F. Restricted Assets

Assets are reported as restricted when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. Restricted assets may include amounts required by statute to be set-aside for the purchase of textbooks and other instructional material, the acquisitions or construction of capital assets, and for budget stabilization. See Note 21 for additional information regarding set asides.

G. Capital Assets

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

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of \$2,000. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

Green Local School District (Summit County)

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

All reported capital assets except land are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>
Buildings and Improvements	10 - 40 Years
Furniture and Equipment	5 - 20 Years
Vehicles	8 - 20 Years

H. Compensated Absences

The School District reports compensated absences in accordance with the provisions of GASB No. 16, "Accounting for Compensated Absences". Vacation benefits are accrued as a liability as the benefits are earned if the 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. These amounts are recorded as "Vacation Benefits Payable" on the basic financial statements.

Sick leave benefits are accrued as a liability using the termination percentage method. An accrual for earned sick leave is made to the extent that it is probable that benefits will result in termination payments. The liability is an estimate based on the likelihood an employee will be paid a severance based on their length of service in their respective retirement plan.

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

In governmental funds, the liability for unpaid compensated absences is the amount that is normally expected to be paid using expendable available financial resources.

I. Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements, and all payables, accrued liabilities and long-term obligations payable from proprietary funds are reported on the proprietary fund financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, claims and judgments and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. Bonds and capital leases are recognized as a liability on the fund financial statements when due.

Green Local School District (Summit County)

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Net Assets

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net assets restricted for other purposes primarily include food service operations, non-instructional services, instructions of students and extracurricular activities.

The School District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

K. Fund Balance

In accordance with Governmental Accounting Standards Board Statement No. 54, “*Fund Balance Reporting and Governmental Fund Type Definitions*,” the School District classifies its fund balance based on the purpose for which the resources were received and the level of constraint placed on the resources. 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.

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 policies of the School District Board of Education.

Green Local School District (Summit County)

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

L. Operating Revenues and Expenses

Operating revenues are those revenues that are generated directly from the primary activity of the proprietary funds. For the School District, these revenues are charges for services for the self-insurance program. Operating expenses are necessary costs incurred to provide the good or service that is the primary activity of the fund. All revenue and expenses not meeting these definitions are classified as non-operating.

M. Interfund Activity

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

On fund financial statements, receivables and payables resulting from short-term interfund loans and interfund services provided and used are classified as "Interfund Receivables/Payables." Interfund balances are eliminated in the governmental activities column of the statement of net assets.

N. Extraordinary and Special Items

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

O. Estimates

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

Green Local School District (Summit County)

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. Budgetary Data

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

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

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

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

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

Q. Changes in Accounting Principles

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

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

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

Green Local School District (Summit County)

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

NOTE 3 – FUND DEFICITS

Fund balances at June 30, 2011 included the following individual fund deficits:

	<u>Fund Balance</u>
General Fund	\$ 3,144,018
Nonmajor Governmental Funds:	
Food Service	41,969
Title VI-B	82,310
Fiscal Stabilization	111,403
Ed Jobs Grant	61,440
IDEA Preschool Grant	2
Improving Teacher Quality	5,004
Miscellaneous Federal Grants	1,394

The deficits in these funds resulted from adjustments for accrued liabilities. The general fund is liable for any deficit in the non-major governmental funds and will provide transfers when cash is required, not when accruals occur.

NOTE 4: RESTATEMENT OF FUND BALANCE AND NET ASSETS

Fund reclassifications are required in order to report funds in accordance with GASB Statement No. 54. These fund reclassifications had the following effect on the School District' governmental fund balances as previously reported:

	<u>General</u>	<u>Permanent Improvement</u>	<u>Nonmajor Governmental</u>	<u>Total Governmental</u>
Fund Balance Previously Reported at June 30, 2010	\$ (2,500,494)	\$ 551,194	\$ 1,132,174	\$ (817,126)
Fund Reclassification:				
Private Purpose Trust	0	0	(3,372)	(3,372)
Public School Support Fund	179,873	0	(179,873)	0
Restated Fund Balance at July 1, 2010	<u>\$ (2,320,621)</u>	<u>\$ 551,194</u>	<u>\$ 948,929</u>	<u>\$ (820,498)</u>

The fund reclassifications had the following effect on net assets previously reported:

	<u>Governmental Activities</u>	<u>Private Purpose Trust Funds</u>
Net Assets Previously Reported at June 30, 2010	\$ 3,101,140	\$ 0
Fund Reclassification		
Private Purpose Trust Funds	(3,372)	3,372
Restated Net Assets at July 1, 2010	<u>\$ 3,097,768</u>	<u>\$ 3,372</u>

Green Local School District (Summit County)

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

NOTE 5 – BUDGETARY BASIS OF ACCOUNTING

While the School District is reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual, is presented for the general fund on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Encumbrances are treated as expenditures (budget) rather than as a reservation of fund balance (GAAP).
4. Some funds are included in the general fund (GAAP), but have separate legally adopted budgets (budget).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statement to the budgetary basis statement on a fund type basis for the general fund.

Net Change in Fund Balance	
	<u>General</u>
GAAP Basis	\$ (823,397)
Net Adjustment for Revenue Accruals	5,675,476
Net Adjustment for Expenditure Accruals	(2,396,432)
Funds Budgeted Elsewhere **	3,496
Encumbrances (Budget Basis)	<u>(254,943)</u>
Budget Basis	<u>\$ 2,204,200</u>

** As part of Governmental Accounting Standards Board Statement No. 54, “*Fund Balance Reporting and Governmental Fund Type Definitions*,” certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes public school support funds.

NOTE 6 – DEPOSITS AND INVESTMENTS

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

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

Inactive deposits are public deposits that the Board of Education has identified as not required for use within the current 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.

Green Local School District (Summit County)

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

NOTE 6 – 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.

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

Interim monies may be invested in the following obligations provided they mature or are redeemable within five years from the date of settlement:

1. United States Treasury 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;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and that the term of the agreement must not exceed 30 days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in items (1) or (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAROhio);
7. Certain banker's acceptance and commercial paper notes in an amount not to exceed 25 percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

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

Green Local School District (Summit County)

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

NOTE 6 – DEPOSITS AND INVESTMENTS (Continued)

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

Cash on Hand At year end, the School District had \$6,100 in undeposited cash on hand which is included on the balance sheet of the School District as part of equity in pooled cash and cash equivalents.

Deposits At fiscal year end, the carrying amount of the School District’s deposits was \$(78,492). Based on criteria described in GASB 40, “Deposits and Investments Risk Disclosure”, as of June 30, 2011, 100 percent of the bank balance of \$2,760 was covered by FDIC.

Investments – Investments are reported at fair value, based on stated market rates at June 30, 2011. STAROhio is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form. As of June 30, 2011, the School District had the following investments:

Rating by Standard & Poor's	Entity	Fair Value	Investment Maturities	Percentage of Total Investment
			6 Months or Less	
N/A	Repurchase agreement	\$ 5,210,000	\$ 5,210,000	99.94%
AAAm	STAROhio	3,158	3,158	0.06%
	Total	\$ 5,213,158	\$ 5,213,158	100.00%

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

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

Credit Risk – The School District’s investment credit ratings are summarized above. The School District’s investments in the federal agency securities that underlie the School District’s repurchase agreement were rated Aaa by Moody’s Investor Services.

Concentration of Credit Risk –The School District places no limit on the amount the School District may invest in any one issuer. See percentage’s above.

Green Local School District (Summit County)

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

NOTE 7 – PROPERTY TAXES

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

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

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

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

Tangible personal property tax revenues received in calendar year 2011 (other than public utility property) represent the collection of calendar year 2010 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. The October 2009 tangible personal property tax settlement was the last property tax settlement for general personal property taxes. Tangible personal property taxes received from telephone companies in calendar year 2011 were levied after October 1, 2010, on the value as of December 31, 2010. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the District prior to June 30.

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

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

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property and public utility taxes, which became measurable as of year-end. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at year-end 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.

Green Local School District (Summit County)

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

NOTE 7 – PROPERTY TAXES (Continued)

The amount available as an advance at year-end was \$2,189,672 in the general fund, \$184,812 in the bond retirement debt service fund, and \$403,226 in the capital project funds and is recognized as revenue on the fund financial statements.

On the accrual basis, collectible delinquent property taxes have been recorded as revenue on the statement of activities.

The assessed values upon which the fiscal year 2011 taxes were collected are:

	2010 Second		2011 First	
	Half Collections		Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$ 701,024,290	98.02%	\$ 696,840,460	97.97%
Public Utility	240	0.00%	230	0.00%
Tangible Personal Property	14,183,625	1.98%	14,424,950	2.03%
	<u>\$ 715,208,155</u>	<u>100.00%</u>	<u>\$ 711,265,640</u>	<u>100.00%</u>
 Tax rate per \$1,000 of assessed value	 <u>\$ 38.44</u>		 <u>\$ 38.41</u>	

NOTE 8 - RECEIVABLES

Receivables at June 30, 2011, consisted of taxes, accounts receivable, interfund and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds.

Intergovernmental Receivables as of June 30, 2011:

Governmental Activities:	
General Fund	\$ 225,328
Food Service	58,960
Auxilliary Services	34,884
Title VI-B	56,133
Title I	141,017
Ed Jobs Grant	85,695
IDEA Preschool Grant	3,988
Improving Teacher Quality	7,126
Total Governmental Activities	<u>\$ 613,131</u>

Green Local School District (Summit County)

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

NOTE 9 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2011, was as follows:

	Balance 6/30/2010	Additions	Reductions	Balance 6/30/2011
Governmental Activities				
<i>Capital Assets, not being depreciated:</i>				
Land	\$ 1,031,143	\$ 0	\$ 0	\$ 1,031,143
Construction in Progress	0	6,893	0	6,893
Total Capital Assets, not being depreciated	<u>1,031,143</u>	<u>6,893</u>	<u>0</u>	<u>1,038,036</u>
<i>Capital Assets, being depreciated:</i>				
Buildings and improvements	56,250,211	308,011	0	56,558,222
Furniture and equipment	5,200,743	6,800	(386,565)	4,820,978
Vehicles	2,641,637	102,331	0	2,743,968
Total Capital Assets, being depreciated	<u>64,092,591</u>	<u>417,142</u>	<u>(386,565)</u>	<u>64,123,168</u>
Less Accumulated Depreciation:				
Buildings and improvements	(18,308,318)	(1,382,258)	0	(19,690,576)
Furniture and equipment	(3,076,419)	(443,232)	108,563	(3,411,088)
Vehicles	(1,872,187)	(105,677)	740	(1,977,124)
Total Accumulated Depreciation	<u>(23,256,924)</u>	<u>(1,931,167)</u>	<u>109,303</u>	<u>(25,078,788)</u>
Total Capital Assets being depreciated, net	<u>40,835,667</u>	<u>(1,514,025)</u>	<u>(277,262)</u>	<u>39,044,380</u>
<i>Governmental Activities Capital Assets, Net</i>	<u>\$ 41,866,810</u>	<u>\$ (1,507,132)</u>	<u>\$ (277,262)</u>	<u>\$ 40,082,416</u>

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 1,320,392
Administration	335,855
Operation and Maintenance	205,118
Pupil Transportation	53,470
Food Services	<u>16,332</u>
Total Depreciation	<u>\$ 1,931,167</u>

NOTE 10 – RISK MANAGEMENT

A. Liability Insurance

The School District is exposed to various risks of loss related to torts; theft of, damage to or destruction of assets; errors and omissions; employee injuries; and, natural disasters. During fiscal year 2011, the School District contracted with Netherlands Insurance for property and inland marine, liability insurance, and fleet insurance. Insurance settlements have not exceeded insurance coverage in each of the past three years, nor has there been a significant reduction in coverage from the prior year.

Green Local School District (Summit County)

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

NOTE 10 – RISK MANAGEMENT (Continued)

Coverage provided by Netherlands is as follows:

Building and Contents-Replacement cost (\$1,000 deductible)	\$ 117,429,001
Inland Marine Coverage (\$1,500 deductible)	1,900,000
Boiler and Machinery (\$1,000 deductible)	1,100,000
Crime Insurance	50,000
Automobile Liability	1,000,000
Uninsured Motorists – per accident	50,000
General Liability:	
Per Occurrence	3,000,000
Total Per Year	5,000,000
Commercial Liability	3,000,000

B. Fidelity Bonds

The Board President and Superintendent have position bonds, \$20,000 and \$25,000, respectively. The Treasurer is covered under a surety bond in the amount of \$25,000. All other school employees who are responsible for handling funds are covered by various other bonds ranging from \$5,000 to \$10,000.

C. Workers' Compensation

The School District pays the State Workers' Compensation System, an insurance purchasing pool, a premium based on a rate per \$100 of salaries. The School District is a member of the Ohio Association of School Business Official's Group Rating Program, an insurance purchasing pool. This rate is calculated based on accident history and administrative costs.

D. Employee Health Insurance

The School District has established a health care self-insurance fund. The purpose of this fund is to pay medical and dental claims of the School District's employees and their covered dependents in order to minimize the total cost of annual health care insurance. The School District has contracted with a third party administrator to direct this program. Self-insurance is in effect for aggregate claims up to \$925,000 per fiscal year with a \$75,000 stop-loss per individual participant. Claims in excess of this aggregate stop loss are insured by private carriers.

As of June 30, 2011, the claims liability is \$0. During 2011, the School District terminated its self-insurance program. Claims payable is based on the requirements of Governmental Accounting Standards Board Statement No. 30, "Risk Financing Omnibus", which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The costs are to be based on the estimated ultimate cost of settling the claims using past experience adjusted for current trends and any other factors that would modify past experience. The claims liability is based on an estimate supplied by the School District's third party administrator. A summary of the fund's claims liability in fiscal years 2010 and 2011 is as follows:

	Balance	Current Year	Claims	Balance
	<u>Beginning of Year</u>	<u>Claims</u>	<u>Payments</u>	<u>End of Year</u>
2010	\$ 489,436	\$ 4,574,753	\$ (4,697,317)	\$ 366,872
2011	\$ 366,872	\$ 392,077	\$ (758,949)	\$ 0

Green Local School District (Summit County)

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

NOTE 10 – RISK MANAGEMENT (Continued)

The School District is a member of the Stark County Schools Council of Governments Health Benefit Plan (the Council), through which a cooperative Health Benefit Program was created for the benefit of its members. The Health Benefit Program (the “Program”) is an employee health benefit plan which covers the participating members’ employees. The Council acts as a fiscal agent for the cash funds paid into the program by the participating school districts. These funds are pooled together for the purpose of paying health benefit claims for employees and their covered dependents, administrative expenses of the program, and premiums for stop-loss insurance coverage. The School District accounts for the premiums paid as expenditures in the general or applicable fund.

NOTE 11 – OTHER EMPLOYEE BENEFITS

Compensated Absences

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 School District 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 vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees’ wage rates at fiscal year end, taking into consideration any limits specified in the School District’s termination policy.

Employees earn vacation at rates specified by Union Contractual Agreement based on credit service. Administrative and 260 day employees are entitled to vacation ranging from 10 to 20 days.

All employees are entitled to a sick leave credit equal to one and one quarter days for each month of service. This sick leave will either be absorbed by time off due to illness or injury or, within certain limitations, be paid to the employee upon retirement. The amount paid to an employee upon retirement is limited to 33 1/3 percent of the value of the first 132 days of sick leave. The total maximum is 44 days. Administrators have their own calculation. They can be eligible to receive payment for more than 44 days. They are eligible to receive payment for 33 1/3 percent of their remaining sick leave up to a maximum number of days calculated by multiplying the number of days in their annual contract by 23.91 percent.

NOTE 12 – DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

Plan Description - The School District contributes to the School Employees Retirement System of Ohio (“SERS”), a cost-sharing multiple employer pension plan. SERS provides retirement and disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report can be obtained on SERS’ website at www.ohsers.org under Employers/Audit Resources.

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current rate is 14 percent 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 2011, 11.81 percent of annual covered salary was the portion used to fund pension obligations and death benefits.

Green Local School District (Summit County)

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

NOTE 12 – DEFINED BENEFIT PENSION PLANS (Continued)

The remaining 2.19 percent of the 14 percent employer contribution rate is allocated to the Health Care and Medicare B Funds. The contribution requirements of plan members and employers are established and may be amended up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The School District's contributions to SERS for the years ended June 30, 2011, 2010 and 2009 were \$796,568, \$760,721 and \$578,936, respectively; 45 percent has been contributed for fiscal year 2011 and 100 percent for the fiscal years 2010 and 2009. \$518,618 represents the unpaid contributions for fiscal year 2011, and is recorded as a liability within the respective funds.

B. State Teachers Retirement System

The School District participates in the State Teachers Retirement System of Ohio ("STRS Ohio"), a cost-sharing, multiple-employer defined benefit pension plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a publicly-available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to STRS Ohio, 275 East Broad Street, Columbus, Ohio 43215-3371, by calling (888) 227-7877, or by visiting the STRS Ohio website at www.strsoh.org.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB Plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to allocate their member contributions and employer contributions equal to 10.5 percent of earned compensation among various investment accounts. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the DB Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Benefits are established by Chapter 3307 of the Ohio Revised Code.

A DB or Combined Plan 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 DC plan 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 salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2010, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employer contributions.

Green Local School District (Summit County)

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

NOTE 12 – DEFINED BENEFIT PENSION PLANS (Continued)

The School District's required contributions for pension obligations to the DB Plan for the fiscal years ended June 30, 2011, 2010 and 2009 were \$2,119,683, \$2,258,262 and \$2,389,006, respectively; 84 percent has been contributed for fiscal year 2011 and 100 percent for the fiscal years 2010 and 2009. Contributions to the DC and Combined Plans for fiscal year 2011 were \$31,329 made by the School District and \$53,891 made by the plan members.

NOTE 13 – POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

The School District participates in two cost-sharing multiple employer defined benefit OPEB plans administered by SERS for non-certified retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan included hospitalization and physicians' fees through several types of plans including HMO's, PPO's and traditional indemnity plans as well as a prescription drug program. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries up to a statutory limit. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746. It is also posted on SERS' website at www.ohsers.org under Employers/Audit Resources.

State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocated the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For 2011, 1.43 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2011, this amount was \$35,800.

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

The School's contributions for the years ended June 30, 2011, 2010 and 2009 were \$96,452, \$27,381 and \$264,948, respectively; 45 percent has been contributed for fiscal year 2011 and 100 percent for the fiscal years 2010 and 2009.

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 percent. The School District contributions for the fiscal years 2011, 2010 and 2009 were \$51,261, \$45,239 and \$47,767, respectively; 45 percent has been contributed for fiscal year 2011 and 100 percent for the fiscal years 2010 and 2009.

Green Local School District (Summit County)

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

NOTE 13 – POSTEMPLOYMENT BENEFITS (Continued)

B. State Teachers Retirement System

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

Ohio law authorized STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2011, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The School's contributions for health care for fiscal years ended June 30, 2011, 2010 and 2009 were \$163,053, \$173,712 and \$173,679, respectively; 84 percent has been contributed for fiscal year 2011 and 100 percent for the fiscal years 2010 and 2009.

NOTE 14– LONG TERM OBLIGATIONS

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

	Outstanding 6/30/2010	Additions	Reductions	Outstanding 6/30/2011	Amounts Due in One Year
Long Term Obligations:					
General Obligation Bonds					
2009 Bond Refunding					
2.0% - 5.0% - 6/09 - 12/19	\$ 13,330,000	\$ 0	\$ 1,185,000	\$ 12,145,000	\$ 1,205,000
Refunding Loss	(99,034)	0	(9,903)	(89,131)	0
Premium on Debt Issuance	340,288	0	34,029	306,259	0
Total General Obligation Bonds	13,571,254	0	1,209,126	12,362,128	1,205,000
Learning Center Obligation					
Learning Center - 2005					
2% to 5%, 6/05 - 12/32	8,497,223	0	228,420	8,268,803	234,131
Total Long Term Obligations	22,068,477	0	1,437,546	20,630,931	1,439,131
Unearned Revenue	13,822,773	0	371,580	13,451,193	380,870
Severance	759,316	185,761	363,614	581,463	363,614
Compensated Absences	1,632,613	50,844	107,561	1,575,896	179,479
Capital Lease	510,184	0	271,100	239,084	239,084
Total Governmental Activities					
Long-Term Liabilities	\$ 38,793,363	\$ 236,605	\$ 2,551,401	\$ 36,478,567	\$ 2,602,178

General obligation bonds will be paid from the debt service fund. The Learning Center debt will be paid from the permanent improvement fund. Compensated absences will be paid from the fund from which the employee is paid. In prior years this has primarily been the general fund. Capital lease obligations will be paid from the permanent improvement fund.

Green Local School District (Summit County)

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

NOTE 14– LONG TERM OBLIGATIONS (Continued)

In 2009 the School District Board of Education offered STRS employee participation in an early retirement incentive program for those employees who were eligible to retire during the two year program. STRS employees who chose to accept retirement in accordance with STRS Ohio requirements received a retirement incentive payment of \$50,000. The retirement incentive payment shall be paid in three equal payments in consecutive years after retirement.

On September 20, 2004, the School District entered into a Cooperative Agreement for a Community Learning Center with the City of Green (City). The City has issued bonds in anticipation of the tax revenue to pay the construction costs of two facilities, approximately \$25,000,000 in fiscal year 2005. The School District is responsible for constructing, maintaining, and insuring the facilities. While the School District will hold legal title to the facilities, the City will have an undivided ownership interest during the term of the agreement, 28 years. The City will also retain the right to use the facilities, in accordance with procedures established by the City, during the agreement term of 28 years. The City is responsible for the first \$1,000,000 in annual debt service, and the School District agrees to pay the remaining annual debt service. The School District portion of the debt is \$9,517,500.

The School District has capitalized the total cost of the construction of the Learning Center. As a result of the City's contribution to the School District of \$15,482,500, along with the undivided interest terms stated above, the earnings process for the School District has not been completed. This process will occur over a 28 year period, which is the period of the agreement between to City and the School District. The unearned portion of the contribution has been recognized as a long-term obligation "unearned revenue" in the governmental activities column of the basic financial statements.

In 1993, Green Local School District passed a bond issue providing \$19,500,000 for the construction of a new high school, classroom additions, and the refurbishing of the former high school (now known as the Intermediate School).

On June 24, 2009, the School District issued \$13,365,000 in refunded general obligation bonds which mature in December 2019. The proceeds were used to refund \$13,375,000 of the School District's outstanding facilities improvement bonds.

These refunding bonds were issued with a premium of \$374,317 which is reported as an increase to bonds payable. The amounts are being amortized to interest expense over the life of the bonds using the straight-line method. The amortization recorded for June 30, 2011 was \$34,029. The issuance costs of \$265,380 have been reported as prepaid expenses and are being amortized to interest expense over the life of the loan. The amortization recorded for June 30, 2011 was \$9,903. The issuance resulted in a difference between the cash flows required to service the old debt and the cash flows required to service the new debt of \$108,937. The amount of defeased debt at June 30, 2011, is \$12,295,000.

Green Local School District (Summit County)

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

NOTE 14– LONG TERM OBLIGATIONS (Continued)

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

Fiscal Year	General Obligation Bonds		
	Principal	Interest	Total
2012	\$ 1,439,131	\$ 789,201	\$ 2,228,332
2013	1,466,745	759,280	2,226,025
2014	1,511,262	718,563	2,229,825
2015	1,550,780	672,933	2,223,713
2016	1,600,297	622,597	2,222,894
2017-2021	7,371,126	2,100,730	9,471,856
2022-2026	1,916,825	1,154,113	3,070,938
2027-2031	2,415,543	659,395	3,074,938
2032-2033	1,142,094	83,024	1,225,118
	<u>\$ 20,413,803</u>	<u>\$ 7,559,836</u>	<u>\$ 27,973,639</u>

NOTE 15– NOTES PAYABLE

	Outstanding 6/30/2010	Additions	Reductions	Outstanding 6/30/2011	Amounts Due in One Year
Notes Payable					
Taxable Current Tax					
Revenue Notes					
Series 2010 - 2011					
2.24%	\$ 0	\$ 1,900,000	\$ 1,900,000	\$ 0	\$ 0
Total Taxable Current Tax Revenue Notes	0	1,900,000	1,900,000	0	0
Tax Anticipation Notes					
Series 2011					
1% to 3%, 6/12 - 12/14	0	4,000,000	0	4,000,000	0
Total Tax Anticipation Notes	0	4,000,000	0	4,000,000	0
Total Governmental Activities					
Notes Payable	<u>\$ 0</u>	<u>\$ 5,900,000</u>	<u>\$ 1,900,000</u>	<u>\$ 4,000,000</u>	<u>\$ 0</u>

Fiscal Year	Notes Payable		
	Principal	Interest	Total
2012	\$ 0	\$ 92,178	\$ 92,178
2013	1,333,333	81,333	1,414,666
2014	1,333,333	48,800	1,382,133
2015	1,333,334	16,267	1,349,601
	<u>\$ 4,000,000</u>	<u>\$ 238,578</u>	<u>\$ 4,238,578</u>

On January 18, 2011, the School District issued \$1,900,000 in taxable current tax revenue notes which matured in June 2011.

On June 21, 2011, the School District issued \$4,000,000 in tax anticipation notes which mature in December 2014. The proceeds were used for operations.

Green Local School District (Summit County)

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

NOTE 16 – CAPITAL LEASES

Capital lease obligations relate to equipment which is leased under a long-term agreement. In fiscal year 2009, the School District entered into leases for copiers. These leases meet the criteria of the capital lease as they transfer benefits and risks of ownership to the lessee. Capital lease payments in the governmental funds have been reclassified and are reflected as debt service in the basic financial statements for the permanent improvement fund.

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

<u>Year</u>	<u>Amount</u>
2012	\$ 250,010
Less Amount Representing Interest	<u>10,926</u>
Present Value of Minimum Lease Payments	<u><u>\$ 239,084</u></u>

The assets being acquired have been capitalized in the governmental activities in the amount of \$788,429, which is the present value of the minimum lease payments at the inception of each lease.

NOTE 17 – INTERFUND TRANSACTIONS

The following is a summarized breakdown of the School District's transfers for fiscal year 2011:

<u>Fund</u>	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$ 0	\$ 2,094
Nonmajor Governmental Funds	<u>2,094</u>	<u>0</u>
	<u><u>\$ 2,094</u></u>	<u><u>\$ 2,094</u></u>

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the fund collecting the receipts to the debt service fund as debt service payments become due, and (3) use unrestricted revenues collected in the general fund to finance various programs accounted for in other funds in accordance with budgetary authorizations.

General fund transferred \$2,094 to the District Managed Student Activities to cover operating costs.

Green Local School District (Summit County)

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

NOTE 17 – INTERFUND TRANSACTIONS (Continued)

At June 30, 2011, the School District had the following interfund balances:

	Interfund Receivable	Interfund Payable
General	\$ 152,034	\$ 0
Education Jobs	0	22,278
IDEA	0	14,900
Title I	0	110,867
Title V	0	3,989
	<u>\$ 152,034</u>	<u>\$ 152,034</u>

The primary purpose of the interfund balances is to cover costs in specific funds where revenues were not received by June 30, 2011. The outstanding advances are expected to be repaid once the anticipated revenues are received.

NOTE 18– JOINTLY GOVERNED ORGANIZATIONS

Northeast Ohio Network for Educational Technology (NEOnet)

NEOnet is a jointly governed organization created as a regional council of governments made up of public districts and county boards of education from Summit, Medina and Portage Counties. The primary function of NEOnet is to provide data processing services to its member districts with the major emphasis being placed on accounting, inventory control and payroll services. Other areas of service provided by NEOnet include student scheduling, registration, grade reporting, and test scoring. Each member district pays an annual fee for the services provided by NEOnet. NEOnet is governed by a board of directors comprised of each Superintendent within the Organization. The Summit County Educational Service Center serves as the fiscal agent of the organization and receives funding from the State Department of Education.

Each district has one vote in all matters and each member district’s control over budgeting and financing of NEOnet is limited to its voting authority and any representation it may have on the board of directors.

The continued existence of NEOnet is not dependent on the School District’s continued participation and no equity interest exists. The School District made contributions in the amount of \$100,579 for fiscal year 2011.

Interval Opportunity School

The Interval Opportunity School (the School) is a jointly governed organization made up of six area public districts. The function of the School is to provide “at risk students” with possibly a lasting and better opportunity to succeed in both their academic and social maturation. Each member district pays an annual fee based on the number of students serviced by the School. The School is governed by a Board of Directors comprised of each superintendent from Coventry, Portage Lakes Career Center and the School District. The Coventry Local District serves as the fiscal agent of the School. The continued existence of the School is not dependent on the School District’s continued participation and no equity interest exists.

Green Local School District (Summit County)

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

NOTE 19– PUBLIC ENTITY RISK POOL

Stark County Schools Council of Governments Health Benefit Plan

In September 2010, the School District ceased being self-insured for health care and joined the Stark County Schools Council of Governments Health Benefits Program (“Council”), which is a shared risk pool. The Council is governed by an assembly which consists of one representative from each participant (usually the superintendent or designee). The assembly elects officers for two-year terms to serve as the Board of Directors. The assembly exercises control over the operation of the consortium. All consortium revenues are generated from charges for services received from the participating school districts, based on the established premiums for the insurance plans. Financial information can be obtained by writing to the Stark County Educational Service Center, 2100 38th Street NW, Canton, OH 44709.

NOTE 20 - CONTINGENCIES

Grants

The School District received financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and 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.

Litigation

The School District is not party to any legal proceedings.

NOTE 21 – STATUTORY RESERVES

The School District is required by State statute to annually set-aside monies for the purchase of textbooks and other instructional materials, and for capital improvements. The amounts set-aside may be reduced by offset credits, which are monies received and restricted for the same specific purpose. Although the School District had offsets and qualifying disbursements during the year that reduced the set-aside amounts below zero, these extra amounts may only be used to reduce the set-aside requirements of future years for the purchase of textbooks and/or instructional materials. Negative amounts are therefore not presented as being carried forward to the next fiscal year for the other set-asides. Amounts not spent by year-end or reduced by offset credits must be held in cash at year-end and carried forward to be used for the same purposes in future years.

Green Local School District (Summit County)

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

NOTE 21 – STATUTORY RESERVES (Continued)

Effective April 10, 2001, Senate Bill 345 amended Ohio Revised Code 5705.29 effectively eliminating the requirement for the School District to establish and maintain a budget stabilization reserve. By resolution, the Board can eliminate the reserve in accordance with the Act. As of June 30, 2011 the Board has acted on the Senate Bill and eliminated the reserve.

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.

	Capital Improvement Reserve	Textbook Instructional Materials Reserve	Total
Set-Aside Carryover Balance as of June 30, 2010	\$ 0	\$ 0	\$ 0
Current Year Set-Aside Requirement	633,788	633,788	1,267,576
Contributions in Excess of the Current Fiscal Year			
Set-aside Requirement	0	0	0
Current Year Qualifying Expenditures	(1,084,111)	(488,357)	(1,572,468)
Excess Qualified Expenditures from Prior Years	0	(159,716)	(159,716)
Current Year Offsets	0	0	0
Waiver Granted by the Department of Education	0	0	0
Prior Year Offset from Bond Proceeds	0	0	0
Total	<u>\$ (450,323)</u>	<u>\$ (14,285)</u>	<u>\$ (464,608)</u>
Balance Carried Forward to FY 2012	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Set-aside Restricted Balance as of June 30, 2011			<u>\$ 0</u>

The School District may use any negative amount in the textbooks set-aside to reduce set-aside requirements of future fiscal years. Amounts remaining at the fiscal year-end are represented by a restricted fund balance presented on the balance sheet. The School District had qualifying disbursements during the year that reduced the capital improvements set-asides below zero. However, this amount cannot be carried over to the next fiscal year. Effective July 1, 2011, the textbook set-aside laws have been repealed.

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Green Local School District (Summit County)

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2011

NOTE 22: FUND BALANCE

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

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

	General	Permanent Improvement	Other Governmental Funds	Total
Restricted for:				
Debt Service	\$ 0	\$ 0	\$ 837,951	\$ 837,951
Capital Outlay	0	515,578	0	515,578
Textbook set-aside	0	0	0	0
Other Purposes	0	0	139,907	139,907
Total Restricted	<u>0</u>	<u>515,578</u>	<u>977,858</u>	<u>1,493,436</u>
Unassigned	(3,144,018)	0	(303,522)	(3,447,540)
<i>Total Fund Balance (Deficit)</i>	<u>\$ (3,144,018)</u>	<u>\$ 515,578</u>	<u>\$ 674,336</u>	<u>\$ (1,954,104)</u>

December 15, 2011

To the Board of Education
Green Local School District
Green, Ohio 44232

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Green Local School District (the "School District"), Summit County, Ohio, 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 December 15, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

Green Local School District
Independent Auditor's Report on Internal
Control over Financial Reporting and on
Compliance and Other Matters Based on
An Audit of Financial Statements Performed
In Accordance with Government Auditing Standards
Page 2

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

We noted certain matters that we reported to management of the School District in a separate letter dated December 15, 2011.

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

Rea & Associates, Inc.

December 15, 2011

To the Board of Education
Green Local School District
Green, Ohio 44232

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

Compliance

We have audited the compliance of Green Local School District (the "School District"), Summit County, Ohio, with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. The School District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the School District's management. Our responsibility is to express an opinion on the School District's compliance based on our audit.

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

In our opinion, the School District complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

Internal Control Over Compliance

The management of the School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and 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.

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

Rea & Associates, Inc.

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

Federal Grantor/ Pass Through Grantor/ Program Title	CFDA Number	Grant Year	Federal Receipts	Federal Disbursements
U. S. Department of Education				
(Passed through the Ohio Department of Education):				
<i>Title I Cluster</i>				
Title I	84.010	2011	\$ 287,071	\$ 407,633
Title I	84.010	2010	87,847	95,998
Title I - ARRA	84.389	2011	88,276	78,581
Title I - ARRA	84.389	2010	0	17,496
Total Title I Cluster			463,194	599,708
<i>Special Education Cluster</i>				
IDEA-B	84.027	2011	755,097	753,587
IDEA-B	84.027	2010	22,066	41,132
IDEA-B - ARRA	84.391	2011	408,094	424,504
IDEA-B - ARRA	84.391	2010	89,862	76,355
Total IDEA-B			1,275,119	1,295,578
Early Childhood Special Education	84.173	2011	10,501	14,490
Early Childhood Special Education	84.173	2010	0	658
Early Childhood Special Education- ARRA	84.392	2011	11,513	11,513
Early Childhood Special Education- ARRA	84.392	2010	0	2,878
Total Early Childhood Special Education			22,014	29,539
<i>Total Special Education Cluster</i>			1,297,133	1,325,117
Title IV-A Safe and Drug-Free Schools	84.186	2010	0	9,471
Total Title IV-A			0	9,471
Title II-D Technology	84.318	2011	1,422	1,422
Title II-D Technology	84.318	2010	0	0
Total Title II-D			1,422	1,422
Title II-A	84.367	2011	105,088	99,659
Title II-A	84.367	2010	37,019	36,992
Total Title II-A			142,107	136,651
State Fiscal Stabilization Fund - ARRA	84.394	2011	841,480	828,351
State Fiscal Stabilization Fund - ARRA	84.394	2010	0	41,953
Total State Fiscal Stabilization Fund - ARRA			841,480	870,304
Education Jobs Fund	84.410	2011	475,122	497,400
Total U. S. Department of Education			3,220,458	3,440,073
U. S. Department of Agriculture				
(Passed through the Ohio Department of Education):				
<i>National School Lunch Program</i>				
Non-Cash Assistance (Food Distribution):				
National School Lunch Program (B)	10.555	2011	88,093	88,093
Cash Assistance:				
National School Lunch Program FY11 (B)	10.555	2011	358,357	358,357
Total National School Lunch Program			446,450	446,450
Total U. S. Department of Agriculture			446,450	446,450
Total Federal Assistance			\$ 3,666,908	\$ 3,886,523

See accompanying notes to Schedule of Expenditures of Federal Awards

GREEN LOCAL SCHOOL DISTRICT
SUMMIT COUNTY

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

NOTE A: SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B: NATIONAL SCHOOL LUNCH PROGRAM

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

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

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2011**

1. SUMMARY OF AUDITOR'S RESULTS
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A-133 Ref.
.505(d)

(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 non-compliance at the financial statement level (GAGAS)?	No
(d) (1) (iv)	Were there any material internal control weaknesses reported for major federal programs?	No
(d) (1) (iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d) (1) (v)	Type of Major Programs' Compliance Opinion	Unqualified
(d) (1) (vi)	Are there any reportable findings under Section 510(a) of Circular A-133?	No
(d) (1) (vii)	Major Programs (list): Special Education Cluster National School Lunch Program State Fiscal Stabilization Fund Education Jobs Fund	CFDA # 84.027,84.173,84.391,84.392 10.555 84.394 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?	Yes

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

NONE

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
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NONE

December 15, 2011

Green Local School District
Summit County
Green, Ohio 44232

Independent Accountant's Report on Applying Agreed-Upon Procedure

To the Board of Education:

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

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

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

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

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

Rea & Associates, Inc.



Dave Yost • Auditor of State

GREEN LOCAL SCHOOL DISTRICT

SUMMIT 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
FEBRUARY 9, 2012**