



Dave Yost • Auditor of State

**EVERGREEN LOCAL SCHOOL DISTRICT
FULTON COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Evergreen Local School District, Fulton County, Ohio (the District), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the District's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Evergreen Local School District, Fulton County, Ohio, as of June 30, 2013, and the respective changes in cash financial position and the budgetary comparison for the General fund for the year then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

Ohio Administrative Code § 117-2-03 (B) requires the District to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. We draw attention to Note 2 of the financial statements, which describes the basis applied to these statements, which is a basis other than generally accepted accounting principles. We did not modify our opinion regarding this matter.

Other Matters

Supplemental and Other Information

We audited to opine on the District's financial statements that collectively comprise its basic financial statements.

Management's Discussion and Analysis includes tables of net assets, changes in net assets and governmental activities. This information provides additional analysis and is not a required part of the basic financial statements.

The Federal Award Receipts and Expenditures Schedule also presents additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and is also not a required part of the financial statements.

These tables and the Schedule are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these tables and the Schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling these tables and the Schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and in accordance with auditing standards generally accepted in the United States of America. In our opinion, these tables and the Schedule are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other than the aforementioned procedures applied to the tables, we applied no procedures to any other information in Management's Discussion and Analysis, and we express no opinion or any other assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2013, on our consideration of the 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting

or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping initial "D".

Dave Yost
Auditor of State

Columbus, Ohio

December 3, 2013

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**EVERGREEN LOCAL SCHOOL DISTRICT
FULTON COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Fiscal Year Ended June 30, 2013

Unaudited

The discussion and analysis of the Evergreen Local School District's (the District) financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2013. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2013 are as follows:

- In total, net position increased by \$126,752.
- General receipts accounted for \$13,040,927, or 85% of all receipts, and reflect the District's significant dependence on income taxes, property taxes and unrestricted state entitlements. Program specific receipts in the form of charges for services, operating grants, and capital grants accounted for \$2,338,223 or 15% of total receipts of \$15,379,150.
- The District's major funds included are the General Fund and Debt Service Fund.
- The General Fund had \$12,387,288 in receipts and other financing sources and \$12,356,689 in disbursements and other financing uses. The General Fund's fund balance increased \$30,599 from the prior fiscal year.
- The Debt Service Fund repays debt related to school improvements bonds for the new high school, renovation of the middle school and construction of a new elementary school. The Debt Service Fund had \$1,388,102 in receipts and other financing sources and \$1,230,680 in disbursements. The Debt Service Fund's fund balance increased \$157,422 from the prior fiscal year.

Using the Basic Financial Statements

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

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

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

**EVERGREEN LOCAL SCHOOL DISTRICT
FULTON COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2013
Unaudited

Reporting the District as a Whole

Statement of Net Position and Statement of Activities

The statement of net position—cash basis and the statement of activities—cash basis reflect how the District did financially during fiscal year 2013. These statements are reported on the cash basis of accounting which reflects receipts and disbursements when cash is received or paid.

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

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

Reporting the District's Most Significant Funds

Fund Financial Statements

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

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

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

**EVERGREEN LOCAL SCHOOL DISTRICT
FULTON COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2013
Unaudited

The District as a Whole

Table 1 provides a summary of the District's net position for fiscal year 2013 compared to fiscal year 2012.

Table 1
Net Position—Cash Basis
Governmental Activities

| <u>Assets</u> | <u>2013</u> | <u>2012</u> |
|---------------------------|---------------------|---------------------|
| Cash and cash equivalents | \$ 7,506,190 | \$ 7,379,438 |
| <u>Net position</u> | | |
| Restricted | \$ 2,479,591 | \$ 2,558,327 |
| Unrestricted | <u>5,026,599</u> | <u>4,821,111</u> |
| Total | <u>\$ 7,506,190</u> | <u>\$ 7,379,438</u> |

Total cash and cash equivalents increased \$126,752 mainly due to increased public utilities personal property and income tax revenues.

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

Table 2
Changes in Net Position—Cash Basis
Governmental Activities

| <u>Receipts</u> | <u>Governmental Activities 2013</u> | <u>Governmental Activities 2012</u> |
|--------------------------------|---|---|
| Program receipts: | | |
| Charges for services and sales | \$ 1,246,445 | \$ 1,226,839 |
| Operating grants | 1,048,097 | 975,256 |
| Capital grants | <u>43,681</u> | <u>50,350</u> |
| Total program receipts | 2,338,223 | 2,252,445 |
| General receipts: | | |
| Property and income taxes | 7,589,067 | 7,437,475 |
| Grants and entitlements | 5,321,938 | 5,431,612 |
| Bond proceeds | - | 1,525,000 |
| Premium on sale of bonds | - | 94,519 |
| Interest | 19,084 | 27,808 |
| Miscellaneous | <u>110,838</u> | <u>98,475</u> |
| Total general receipts | <u>13,040,927</u> | <u>14,614,889</u> |
| Total receipts | 15,379,150 | 16,867,334 |

**EVERGREEN LOCAL SCHOOL DISTRICT
FULTON COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2013
Unaudited

| | Governmental Activities <u>2013</u> | Governmental Activities <u>2012</u> |
|-------------------------------------|---|---|
| <u>Disbursements</u> | | |
| Instruction | \$ 7,560,557 | \$ 7,295,575 |
| Support services: | | |
| Pupils | 613,449 | 887,640 |
| Instructional staff | 485,810 | 672,781 |
| Board of education | 57,618 | 37,135 |
| Administration | 1,012,332 | 969,197 |
| Fiscal | 354,228 | 376,064 |
| Business | 18,000 | 18,000 |
| Operation and maintenance of plant | 1,141,222 | 1,161,794 |
| Pupil transportation | 1,320,902 | 1,119,302 |
| Central | 342,286 | 95,702 |
| Non-Instructional | 635,838 | 658,987 |
| Extracurricular activities | 504,947 | 439,821 |
| Capital outlay | - | 420,166 |
| Debt service: | | |
| Principal | 780,000 | 819,674 |
| Interest and fiscal charges | 425,209 | 455,521 |
| Advance refunding escrow | - | 1,589,040 |
| Issuance costs | - | <u>27,765</u> |
| Total disbursements | <u>15,252,398</u> | <u>17,044,164</u> |
| Increase (decrease) in net position | <u>\$ 126,752</u> | <u>\$ (176,830)</u> |

Receipts decreased by \$1,488,184 or 9 percent. Disbursements decreased by \$1,791,766 or 10 percent. Overall receipts and disbursements primarily decreased as a result of a \$1.525 million bond refinancing in 2012.

Program receipts account for 15% of total receipts and are primarily represented by restricted intergovernmental receipts, extracurricular activities, and food service sales.

The major program disbursements for governmental activities are for instruction, which accounts for 50% of all governmental disbursements. Other programs which support the instruction process, including pupil, instructional staff, and pupil transportation account for 16% of governmental disbursements. Maintenance of the District's facilities also represents a significant disbursement of 7%. Therefore, 73% of the District's disbursements are related to the primary functions of delivering education and providing facilities. These costs are funded almost entirely from property taxes, grants and entitlements.

Governmental Activities

**EVERGREEN LOCAL SCHOOL DISTRICT
FULTON COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2013
Unaudited

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

Table 3
Governmental Activities—Cash Basis

| | Total Cost of Services | | Net Cost of Services | |
|----------------------------------|------------------------|----------------------|----------------------|----------------------|
| | 2013 | 2012 | 2013 | 2012 |
| Instruction | \$ 7,560,557 | \$ 7,295,575 | \$ 6,096,939 | \$ 5,928,022 |
| Support services: | | | | |
| Pupils | 613,449 | 887,640 | 613,449 | 887,640 |
| Instructional staff | 485,810 | 672,781 | 468,873 | 650,991 |
| Board of education | 57,618 | 37,135 | 57,618 | 37,135 |
| Administration | 1,012,332 | 969,197 | 1,012,332 | 969,197 |
| Fiscal | 354,228 | 376,064 | 354,228 | 376,064 |
| Business | 18,000 | 18,000 | 18,000 | 18,000 |
| Operation & maintenance of plant | 1,141,222 | 1,161,794 | 1,129,857 | 1,149,569 |
| Pupil transportation | 1,320,902 | 1,119,302 | 1,320,902 | 1,119,302 |
| Central | 342,286 | 95,702 | 336,886 | 90,302 |
| Non-Instructional | 635,838 | 658,987 | 4,973 | 12,191 |
| Extracurricular activities | 504,947 | 439,821 | 338,590 | 291,490 |
| Capital outlay | - | 420,166 | (43,681) | 369,816 |
| Debt service: | | | | |
| Principal | 780,000 | 819,674 | 780,000 | 819,674 |
| Interest and fiscal charges | 425,209 | 455,521 | 425,209 | 455,521 |
| Payment to escrow account | - | 1,589,040 | - | 1,589,040 |
| Issuance costs | - | 27,765 | - | 27,765 |
| Total disbursements | <u>\$ 15,252,398</u> | <u>\$ 17,044,164</u> | <u>\$ 12,914,175</u> | <u>\$ 14,791,719</u> |

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

The District's Funds

The District's governmental funds are accounted for using the cash basis of accounting. The District's major governmental funds were the General and Debt Service funds. Total governmental funds had receipts of \$15,348,558, disbursements of \$15,251,896, and net other financing sources of \$30,090. The overall positive change of \$126,752 in fund balance for the year is primarily due to the increased public utilities personal property and income tax revenues.

**EVERGREEN LOCAL SCHOOL DISTRICT
FULTON COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2013
Unaudited

General Fund Budgeting Highlights

The District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund. During the course of fiscal year 2013, the District amended its General Fund budget as needed. Final budgeted revenues, in the amount of \$12,293,615 were lower from original budgeted revenues of \$12,425,781.

Final expenditures were budgeted at \$12,954,140 while actual expenditures were \$12,494,792. The \$459,348 difference is a result of conservative budget approval. All amounts that showed the most significant difference with budgeted amounts were the cause of under spending. Budgets are also prepared conservatively, which results in budgeted revenues to exceed expenditures. Actual General Fund revenues were \$233,320 less than expenditures due to management of expenses.

Debt Administration

At June 30, 2013 the District has \$10,299,998 in general obligation and classroom facilities school improvement bonds for building improvements. There are three bond series with final maturities of December 1, 2024 and 2025. The bonds are retired from the bond retirement debt service fund.

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

Current Issues

Although deficit spending was initially expected in FY13, Evergreen Local School District ended FY13 in the black due to a combination of better than anticipated revenues and lower than anticipated expenditures. While state foundation funding continued to decline, other revenues increased slightly more than anticipated. On the expenditure side, there were fewer retirement benefits paid out than anticipated, and special education purchased services were lower than budgeted as well. The future remains uncertain regarding continued growth of the economy and the status of state funding to schools. Evergreen expects no increase in state funding for FY14 or FY15, although a number of mandates from the state will likely increase district expenditures. As state funding to schools has declined over the past number of years, the district has become increasingly reliant on local tax revenue, and district residents are currently paying a total of 2% in school district income taxes. It will be essential for the district to pass a .75% income tax renewal due to expire at the end of 2014. Various cost reductions over the past few years, have enabled the District to avoid deficit spending to date, however, continued vigilance will be necessary in order to maintain a healthy cash balance.

Contacting the District's Financial Management

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

**EVERGREEN LOCAL SCHOOL DISTRICT
 FULTON COUNTY
 STATEMENT OF NET POSITION - CASH BASIS
 June 30, 2013**

| | Governmental Activities |
|--|------------------------------------|
| ASSETS: | |
| Equity in pooled cash and cash equivalents | <u>\$ 7,506,190</u> |
| NET POSITION: | |
| Restricted for debt service | \$ 2,155,760 |
| Restricted for capital outlay | 166,440 |
| Restricted for other purposes | 157,391 |
| Unrestricted | <u>5,026,599</u> |
| Total Net Position | <u>\$ 7,506,190</u> |

See Accompanying Notes to the Basic Financial Statements.

**EVERGREEN LOCAL SCHOOL DISTRICT
FULTON COUNTY
STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

| | Program Cash Receipts | | | Net (Disbursements) Receipts and Changes in Net Position | |
|---|-----------------------|--------------------------------------|--|--|----------------------------|
| | Cash Disbursements | Charges for Services and Sales | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities |
| GOVERNMENTAL ACTIVITIES: | | | | | |
| Instruction: | | | | | |
| Regular | \$ 5,238,570 | \$ 568,067 | \$ 196,862 | \$ - | \$ (4,473,641) |
| Special | 1,687,420 | 198,344 | 500,345 | - | (988,731) |
| Vocational | 151,166 | - | - | - | (151,166) |
| Other | 483,401 | - | - | - | (483,401) |
| Support services: | | | | | |
| Pupils | 613,449 | - | - | - | (613,449) |
| Instructional staff | 485,810 | - | 16,937 | - | (468,873) |
| Board of education | 57,618 | - | - | - | (57,618) |
| Administration | 1,012,332 | - | - | - | (1,012,332) |
| Fiscal | 354,228 | - | - | - | (354,228) |
| Business | 18,000 | - | - | - | (18,000) |
| Operation and maintenance of plant | 1,141,222 | - | 11,365 | - | (1,129,857) |
| Pupil transportation | 1,320,902 | - | - | - | (1,320,902) |
| Central | 342,286 | - | 5,400 | - | (336,886) |
| Operation of non-instructional services | 635,838 | 313,677 | 317,188 | - | (4,973) |
| Extracurricular activities | 504,947 | 166,357 | - | - | (338,590) |
| Capital outlay | - | - | - | 43,681 | 43,681 |
| Debt Service: | | | | | |
| Principal | 780,000 | - | - | - | (780,000) |
| Interest and fiscal charges | 425,209 | - | - | - | (425,209) |
| <i>Totals</i> | <u>\$ 15,252,398</u> | <u>\$ 1,246,445</u> | <u>\$ 1,048,097</u> | <u>\$ 43,681</u> | <u>(12,914,175)</u> |
| GENERAL RECEIPTS: | | | | | |
| Taxes | | | | | |
| Income taxes | | | | | 2,666,430 |
| Property and other local taxes | | | | | 4,922,637 |
| Grants and entitlements not restricted to specific programs | | | | | 5,321,938 |
| Gifts and donations | | | | | 17,892 |
| Investment earnings | | | | | 19,084 |
| Miscellaneous | | | | | 62,359 |
| Proceeds from sale of capital assets | | | | | 1,450 |
| Refund of Prior Year Disbursements | | | | | <u>29,137</u> |
| <i>Total General Receipts</i> | | | | | <u>13,040,927</u> |
| <i>Change in Net Position</i> | | | | | 126,752 |
| <i>Net Position beginning of year</i> | | | | | <u>7,379,438</u> |
| <i>Net Position end of year</i> | | | | | <u>\$ 7,506,190</u> |

See Accompanying Notes to the Basic Financial Statements.

**EVERGREEN LOCAL SCHOOL DISTRICT
 FULTON COUNTY
 STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
 GOVERNMENTAL FUNDS
 June 30, 2013**

| | General Fund | Debt Service Fund | All Other Governmental Funds | Total Governmental Funds |
|---|-------------------------|------------------------------|---|---|
| ASSETS: | | | | |
| Current assets | | | | |
| Equity in pooled cash and cash equivalents | <u>\$ 5,026,599</u> | <u>\$ 2,155,760</u> | <u>\$ 323,831</u> | <u>\$ 7,506,190</u> |
| <i>Total assets</i> | <u>\$ 5,026,599</u> | <u>\$ 2,155,760</u> | <u>\$ 323,831</u> | <u>\$ 7,506,190</u> |
| FUND BALANCES: | | | | |
| Restricted | \$ - | \$ 2,155,760 | \$ 323,831 | \$ 2,479,591 |
| Committed | 11,000 | - | - | 11,000 |
| Assigned | 353,586 | - | - | 353,586 |
| Unassigned | <u>4,662,013</u> | <u>-</u> | <u>-</u> | <u>4,662,013</u> |
| <i>Total Fund Balances</i> | <u>\$ 5,026,599</u> | <u>\$ 2,155,760</u> | <u>\$ 323,831</u> | <u>\$ 7,506,190</u> |

See Accompanying Notes to the Basic Financial Statements.

**EVERGREEN LOCAL SCHOOL DISTRICT
FULTON COUNTY
STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND
CHANGES IN CASH BASIS FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

| | <u>General Fund</u> | <u>Debt Service Fund</u> | <u>All Other Governmental Funds</u> | <u>Total Governmental Funds</u> |
|--|-------------------------|------------------------------|---|---|
| RECEIPTS: | | | | |
| Property and other local taxes | \$ 3,542,343 | \$ 1,080,438 | \$ 299,856 | \$ 4,922,637 |
| Income tax | 2,666,430 | - | - | 2,666,430 |
| Intergovernmental | 5,169,672 | 163,856 | 1,080,186 | 6,413,714 |
| Interest | 19,015 | - | 69 | 19,084 |
| Tuition and fees | 766,411 | - | - | 766,411 |
| Rent | 12,690 | - | - | 12,690 |
| Extracurricular activities | 64,338 | - | 102,018 | 166,356 |
| Gifts and donations | 8,905 | - | 8,987 | 17,892 |
| Customer sales and services | - | - | 300,987 | 300,987 |
| Miscellaneous | 54,229 | - | 8,128 | 62,357 |
| <i>Total Receipts</i> | <u>12,304,033</u> | <u>1,244,294</u> | <u>1,800,231</u> | <u>15,348,558</u> |
| DISBURSEMENTS: | | | | |
| Instruction | | | | |
| Regular | 5,207,987 | - | 30,583 | 5,238,570 |
| Special | 1,272,756 | - | 414,664 | 1,687,420 |
| Vocational | 151,166 | - | - | 151,166 |
| Other | 483,401 | - | - | 483,401 |
| Support services | | | | |
| Pupils | 613,449 | - | - | 613,449 |
| Instructional staff | 351,162 | - | 134,648 | 485,810 |
| Board of education | 57,618 | - | - | 57,618 |
| Administration | 1,012,332 | - | - | 1,012,332 |
| Fiscal | 321,712 | 25,471 | 7,045 | 354,228 |
| Business | 18,000 | - | - | 18,000 |
| Operation and maintenance of plant | 956,863 | - | 184,359 | 1,141,222 |
| Pupil transportation | 1,195,608 | - | 125,294 | 1,320,902 |
| Central | 331,786 | - | 10,500 | 342,286 |
| Operation of non-instructional services | 409 | - | 635,429 | 635,838 |
| Extracurricular activities | 367,713 | - | 136,732 | 504,445 |
| Debt service | | | | |
| Principal | - | 780,000 | - | 780,000 |
| Interest | - | 425,209 | - | 425,209 |
| <i>Total Disbursements</i> | <u>12,341,962</u> | <u>1,230,680</u> | <u>1,679,254</u> | <u>15,251,896</u> |
| <i>Excess of Receipts over (under) Disbursements</i> | <u>(37,929)</u> | <u>13,614</u> | <u>120,977</u> | <u>96,662</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Proceeds from sale of capital assets | 1,450 | - | - | 1,450 |
| Refund of prior year expenditures | 29,077 | 65 | - | 29,142 |
| Transfers in | 400 | 143,743 | 6,125 | 150,268 |
| Advances in | 52,328 | - | 7,700 | 60,028 |
| Transfers out | (7,027) | - | (143,743) | (150,770) |
| Advances out | (7,700) | - | (52,328) | (60,028) |
| <i>Total Other Financing Sources (Uses)</i> | <u>68,528</u> | <u>143,808</u> | <u>(182,246)</u> | <u>30,090</u> |
| <i>Net Change in Fund Balances</i> | <u>30,599</u> | <u>157,422</u> | <u>(61,269)</u> | <u>126,752</u> |
| Fund Balance at beginning of year | <u>4,996,000</u> | <u>1,998,338</u> | <u>385,100</u> | <u>7,379,438</u> |
| <i>Fund Balance at end of year</i> | <u>\$ 5,026,599</u> | <u>\$ 2,155,760</u> | <u>\$ 323,831</u> | <u>\$ 7,506,190</u> |

See Accompanying Notes to the Basic Financial Statements.

**EVERGREEN LOCAL SCHOOL DISTRICT
FULTON COUNTY
STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL
GENERAL FUND**

FOR THE FISCAL YEAR ENDED JUNE 30, 2013

| | Original Budget | Final Budget | Actual | Variance with Final Budget |
|--|----------------------------|---------------------|---------------------|---------------------------------------|
| RECEIPTS: | | | | |
| Property and other local taxes | \$ 3,540,541 | \$ 3,540,541 | \$ 3,542,343 | \$ 1,802 |
| Income tax | 2,712,078 | 2,712,078 | 2,666,430 | (45,648) |
| Intergovernmental | 5,270,133 | 5,137,967 | 5,169,672 | 31,705 |
| Interest | 25,000 | 25,000 | 19,015 | (5,985) |
| Tuition and fees | 752,500 | 752,500 | 766,411 | 13,911 |
| Rent | 12,000 | 12,000 | 12,690 | 690 |
| Extracurricular activities | 8,200 | 8,200 | 7,552 | (648) |
| Gifts and donations | 2,500 | 2,500 | 8,905 | 6,405 |
| Miscellaneous | 15,000 | 15,000 | 54,229 | 39,229 |
| <i>Total Receipts</i> | <u>12,337,952</u> | <u>12,205,786</u> | <u>12,247,247</u> | <u>41,461</u> |
| DISBURSEMENTS: | | | | |
| Current | | | | |
| Instruction | | | | |
| Regular | 5,598,817 | 5,603,817 | 5,237,291 | 366,526 |
| Special | 1,222,398 | 1,222,398 | 1,279,554 | (57,156) |
| Vocational | 150,774 | 150,774 | 151,166 | (392) |
| Other | 631,610 | 631,610 | 483,401 | 148,209 |
| Support services | | | | |
| Pupils | 739,635 | 739,635 | 615,788 | 123,847 |
| Instructional staff | 310,264 | 310,264 | 351,162 | (40,898) |
| Board of education | 42,266 | 42,266 | 58,102 | (15,836) |
| Administration | 979,242 | 1,013,004 | 1,005,182 | 7,822 |
| Fiscal | 330,683 | 330,683 | 325,323 | 5,360 |
| Business | 18,000 | 18,000 | 18,000 | - |
| Operation and maintenance of plant | 995,202 | 995,202 | 1,040,419 | (45,217) |
| Pupil transportation | 1,147,688 | 1,147,688 | 1,210,814 | (63,126) |
| Central | 350,171 | 350,171 | 331,826 | 18,345 |
| Food service operations | - | - | 409 | (409) |
| Extracurricular activities | | | | |
| Academic oriented activities | 154,905 | 154,905 | 105,403 | 49,502 |
| Occupation oriented activities | 7,740 | 7,740 | 7,724 | 16 |
| Sport oriented activities | 212,085 | 212,085 | 247,297 | (35,212) |
| School and public service co-curricular | 9,673 | 9,673 | 11,706 | (2,033) |
| <i>Total Disbursements</i> | <u>12,901,153</u> | <u>12,939,915</u> | <u>12,480,567</u> | <u>459,348</u> |
| <i>Excess of Disbursements over Receipts</i> | <u>(563,201)</u> | <u>(734,129)</u> | <u>(233,320)</u> | <u>500,809</u> |
| OTHER FINANCING SOURCES (USES): | | | | |
| Proceeds from sale of capital assets | 500 | 500 | 1,450 | 950 |
| Refund of prior year expenditures | 35,000 | 35,000 | 29,072 | (5,928) |
| Advances in | 52,329 | 52,329 | 52,329 | - |
| Transfers out | - | (6,525) | (6,525) | - |
| Advances out | - | (7,700) | (7,700) | - |
| <i>Total Other Financing Sources (Uses)</i> | <u>87,829</u> | <u>73,604</u> | <u>68,626</u> | <u>(4,978)</u> |
| Net change in cash basis Fund Balance | <u>(475,372)</u> | <u>(660,525)</u> | <u>(164,694)</u> | <u>495,831</u> |
| Fund Balance at beginning of year | 4,785,501 | 4,785,501 | 4,785,501 | - |
| Prior year encumbrances appropriated | 174,890 | 174,890 | 174,890 | - |
| Fund Balance at end of year | <u>\$ 4,485,019</u> | <u>\$ 4,299,866</u> | <u>\$ 4,795,697</u> | <u>\$ 495,831</u> |

See Accompanying Notes to the Basic Financial Statements.

**EVERGREEN LOCAL SCHOOL DISTRICT
 FULTON COUNTY
 STATEMENT OF FIDUCIARY NET POSITION - CASH BASIS
 FIDUCIARY FUNDS
 JUNE 30, 2013**

| | Private Purpose Trust | Agency |
|--|----------------------------------|------------------|
| ASSETS: | | |
| Current assets | | |
| Equity in pooled cash and cash equivalents | <u>\$ 32,115</u> | <u>\$ 36,427</u> |
| LIABILITIES: | | |
| Current Liabilities: | | |
| Undistributed Monies | | <u>\$ 36,427</u> |
| NET POSITION: | | |
| Held in Trust for Scholarships | <u>\$ 32,115</u> | |

See Accompanying Notes to the Basic Financial Statements.

**EVERGREEN LOCAL SCHOOL DISTRICT
 FULTON COUNTY
 STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
 CASH BASIS
 FIDUCIARY FUNDS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

| | <u>Private Purpose Trust</u> |
|--|---|
| ADDITIONS: | |
| Gifts and contributions | \$ 500 |
| Interest | <u>23</u> |
| Miscellaneous | |
| <i>Total Additions</i> | <u>523</u> |
| DEDUCTIONS: | |
| Payments in accordance with trust agreements | <u>1,000</u> |
| <i>Changes in Net Position</i> | (477) |
| Net Position beginning of year | <u>32,592</u> |
| <i>Net Position end of year</i> | <u><u>\$ 32,115</u></u> |

See Accompanying Notes to the Basic Financial Statements.

EVERGREEN LOCAL SCHOOL DISTRICT
FULTON COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2013

NOTE 1 – DESCRIPTION OF THE DISTRICT AND REPORTING ENTITY

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

The District was established in 1967 through the consolidation of existing land areas and school districts. The District serves an area of approximately 130 square miles. It is located in Fulton and Lucas counties and includes the entire Villages of Berkey (Lucas County), Lyons and Metamora (Fulton County), all of Amboy, Chesterfield, and Royalton (Fulton County) and Richfield (Lucas County) townships, and portions of Fulton and Pike (Fulton County), and Harding, Spencer, and Sylvania (Lucas County) townships. The District is the 222nd largest in the State of Ohio (among 612 districts) in terms of enrollment. It is staffed by 58 classified, 80 certified teaching personnel, and 17 administrative employees who provide services to 1,271 students and other community members. The District currently operates three buildings.

Reporting Entity

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

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

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

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been

**EVERGREEN LOCAL SCHOOL DISTRICT
FULTON COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2013**

applied to the extent they are applicable to the cash basis of accounting.

A. Basis of Presentation

The District's basic financial statements consist of government-wide financial statements, including a statement of net position 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 position and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. These statements usually distinguish between those activities of the District that are governmental activities (primarily supported by taxes and inter-governmental revenues) and those that are considered business-type activities (primarily supported by fees and charges). However, the District has no business-type activities.

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

Fund Financial Statements

During the fiscal year, the District segregates transactions related to certain 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 District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

B. Fund Accounting

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

Governmental

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

General Fund – The General Fund is used to account for and report all financial resources not accounted for and reported in another fund. The General Fund balance is available to

EVERGREEN LOCAL SCHOOL DISTRICT
FULTON COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2013

the District for any purpose provided it is expended or transferred according to the general laws of Ohio.

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

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

Fiduciary Funds

Fiduciary funds account for cash and investments where the District is acting as trustee or fiscal agent for other entities or individuals. Fiduciary funds include pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are not available to support the District's own programs. The District's private purpose trust fund accounts for college scholarships for students. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District's agency funds account for various student-managed activities.

C. Basis of Accounting

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

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

D. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Board of Education may appropriate. The appropriations resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the Board. The legal level of budgetary control selected by the Board is at the object level for the General Fund and the fund level for all other funds. Any budgetary modifications at this level may only be made by resolution of the Board of Education. Budgetary allocations below these levels are made by the District Treasurer.

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

**EVERGREEN LOCAL SCHOOL DISTRICT
FULTON COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2013**

Board.

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

E. Cash and Investments

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

Investments of the District's cash management pool and investments with an original maturity of three months or less at the time they are purchased by the District are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

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

During 2013, the District invested in nonnegotiable certificates of deposit and STAR Ohio. Investments are reported at cost except for STAR Ohio. STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2013.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest receipts credited to the General Fund during fiscal year 2013 was \$19,015; which includes \$6,343 assigned from other funds. Interest in the amount of \$69 was credited to other district funds.

F. Inventory and Prepaid Items

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

G. Capital Assets

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

H. Interfund Receivables/Payables

The District reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements. The fund statements report inter-fund loans as advances when made or repaid. These amounts are eliminated in the statement of activities.

**EVERGREEN LOCAL SCHOOL DISTRICT
FULTON COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2013**

I. Accumulated Leave

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

J. Employer Contributions to Cost-Sharing Pension Plans

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

K. Long-term Obligations

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

L. Net Position

The statements report restricted net position when creditors, grantors or laws or regulations of other governments have imposed limitations on their use. Net position restricted for other purposes include resources restricted for food service operations, music and athletic programs, and federal and state grants restricted to cash disbursement for specified purposes.

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

M. Fund Balance

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

Nonspendable – The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned.

Restricted – Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions.

Committed – The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the District Board of Education. Those committed amounts cannot be used for any other purpose unless the 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

**EVERGREEN LOCAL SCHOOL DISTRICT
FULTON COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2013**

the District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by the District Board of Education.

Unassigned – Unassigned fund balance is the residual classification for the general fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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

N. Inter-fund Transactions

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

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

NOTE 3 – ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For 2012, the District has implemented GASB Statement No. 62, *“Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA pronouncements”*.

GASB Statement No. 62 codifies accounting and financial reporting guidance contained in pre-November 30, 1989 FASB and AICPA pronouncements in an effort to codify all sources of GAAP for State and Local governments so that they derive from a single source. The implementation of GASB Statement No. 62 did not have an effect on the financial statements of the District.

For fiscal year 2013, the District implemented Governmental Accounting Standard Board (GASB) Statement No. 63, “Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.” GASB Statement No. 63 identifies net position, rather than net assets, as the residual of all other elements presented in a statement of financial position. This change was incorporated in the District fiscal year 2013 financial statements; however, there was no effect on beginning net position/fund balance.

B. Compliance

Ohio Administrative Code, Section 117-2-03 (B), requires the District to prepare its annual financial report in accordance with generally accepted accounting principles. However, the

**EVERGREEN LOCAL SCHOOL DISTRICT
FULTON COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2013**

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

NOTE 4 – 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 at June 30, 2013 for the major governmental funds and all other governmental funds are presented as follows:

| <u>Fund Balances</u> | <u>General</u> | <u>Debt Service</u> | <u>All Other Governmental Funds</u> | <u>Total</u> |
|---------------------------|---------------------|-------------------------|---|---------------------|
| Restricted for: | | | | |
| Debt payment | \$ - | \$ 2,155,760 | \$ - | \$ 2,155,760 |
| Food service operations | - | - | 59,060 | 59,060 |
| Miscellaneous grants | - | - | 407 | 407 |
| Title I | - | - | 11,824 | 11,824 |
| District managed activity | - | - | 4,327 | 4,327 |
| Capital improvements | - | - | 38,777 | 38,777 |
| Facilities maintenance | - | - | 81,026 | 81,026 |
| Energy conservation | - | - | 127,663 | 127,663 |
| Vision service | - | - | 747 | 747 |
| Total restricted | <u>-</u> | <u>2,155,760</u> | <u>323,831</u> | <u>2,479,591</u> |
| Committed to: | | | | |
| Storage tank | 11,000 | - | - | 11,000 |
| Total committed | 11,000 | - | - | 11,000 |
| Assigned to: | | | | |
| Track/stadium | 133,688 | - | - | 133,688 |
| Unpaid obligations | 184,336 | - | - | 184,336 |
| Other purposes | 35,562 | - | - | 35,562 |
| Total assigned | 353,586 | - | - | 353,586 |
| Unassigned | 4,662,013 | - | - | 4,662,013 |
| Total fund balances | <u>\$ 5,026,599</u> | <u>\$ 2,155,760</u> | <u>\$323,831</u> | <u>\$ 7,506,190</u> |

NOTE 5 – BUDGETARY BASIS OF ACCOUNTING

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual – Budgetary Basis presented for the general fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis are outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as a restricted, committed, or assigned fund balance (cash basis) and certain funds are included in the General Fund as part of the GASB 54 requirements are no

**EVERGREEN LOCAL SCHOOL DISTRICT
FULTON COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
June 30, 2013**

included in the budgetary statement.

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

| <u>Net Change in Fund Balance</u> | <u>General Fund</u> |
|---|-------------------------|
| Cash basis (as reported) | \$ 30,599 |
| Outstanding encumbrances | (184,336) |
| Perspective difference: | |
| Activity of funds reclassified for Cash reporting purposes | <u>(10,957)</u> |
| Budgetary basis | <u>\$ (164,694)</u> |

NOTE 6 – DEPOSITS AND INVESTMENTS

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

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

Inactive deposits are public deposits that the Board 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.

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;

**EVERGREEN LOCAL SCHOOL DISTRICT
FULTON COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
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5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio); and
8. Bankers' acceptances and commercial paper if training requirements have been met.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the 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, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

A. Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At fiscal year end, \$911,325 of the District's bank balance of \$7,218,741 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although all state statutory requirements for the deposit of money have been followed, noncompliance with federal requirements could potentially subject the District to a successful claim by the FDIC.

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

B. Investments

As of June 30, 2013, the District had the following investment:

| | <u>Fair Value</u> | <u>Maturity Less Than One Year</u> |
|-----------|-------------------|--|
| STAR Ohio | \$ 419,229 | \$ 419,229 |

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

Interest Rate Risk – The District has no investment policy that addresses interest rate risk. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the District and that an investment must be purchased with the expectation that it will be held to maturity. State statute limits investments in

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commercial paper to a maximum maturity of 180 days from the date of purchase. Repurchase agreements are limited to 30 days and the market value of the securities must exceed the principal value of the agreement by at least two percent and be marked to market daily.

NOTE 7 – PROPERTY TAXES

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

Property taxes include amounts levied against all real and public utility property located in the District. Real and public utility property tax revenues received in calendar year 2013 represent the collection of calendar year 2012 taxes. Real property taxes for 2013 were levied after April 1, 2012, on the assessed values as of January 1, 2012, the lien date. Assessed values for real property taxes are established by State statute at 35% of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

The District receives property taxes from Fulton and Lucas counties. The County Auditors periodically advance to the District its portion of the taxes collected. Second-half real property tax payments collected by the counties by June 30, 2013, are available to finance fiscal year 2013 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

The assessed values upon which the fiscal year 2013 taxes are based are as follows:

| | 2012 Second-Half Collections | | 2013 First-Half Collections | |
|---|---------------------------------|----------------|--------------------------------|----------------|
| | Amount | Percent | Amount | Percent |
| Agricultural/Residential | \$ 166,562,830 | 89.25% | \$ 166,217,560 | 88.58% |
| Industrial/Commercial | 7,139,280 | 3.83% | 8,223,700 | 4.38% |
| Public Utility Real Property | 34,650 | 0.02% | 35,160 | 0.02% |
| Public Utility Personal Property | 12,879,530 | 6.90% | 13,166,210 | 7.02% |
| Total Assessed Value | <u>\$ 186,616,290</u> | <u>100.00%</u> | <u>\$ 187,642,630</u> | <u>100.00%</u> |
| Tax rate per \$1,000 of assessed valuation | <u>\$ 49.55</u> | | <u>\$ 46.05</u> | |

NOTE 8 – INCOME TAXES

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

NOTE 9 – RISK MANAGEMENT

A. Property and Liability

The District maintains comprehensive insurance coverage through the Ohio School Plan, an insurance Pool, an insurance purchasing pool (Note 18), for liability, real property, building

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contents, and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. In addition, real property contents are fully considered.

| | |
|---|---------------|
| Coverage provided by the Ohio School Plan | |
| General Liability: | |
| Per Occurrence | \$ 3,000,000 |
| Total per Year | \$ 5,000,000 |
| | |
| Coverage provided by the Ohio School Plan | |
| Blanket Property Insurance (\$1,000 deductible) | \$ 54,949,490 |
| | |
| Coverage provided by the Ohio School Plan | |
| Auto Coverage | |
| Liability | \$ 3,000,000 |
| Auto Medical Payment | \$ 5,000 |

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

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

B. Workers' Compensation

The District participates in the Northern Buckeye Health Plan, Northern Division of OHI (NBHP) Workers' Compensation Group Rating Plan (the Plan), an insurance purchasing pool. The Plan is intended to reduce premiums for the participants. The workers' compensation experience of the participants is calculated as one experience and a common premium rate is applied to all participants in the Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan rather than its individual rate. The Executive Director of the NBHP coordinates the management and administration of the program.

C. Employee Medical Benefit

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

NOTE 10 – DEFINED BENEFIT PENSION PLANS

A. State Teachers Retirement System

The District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that can be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio website

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at www.strsoh.org.

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

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 of the DC plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the State Teachers Retirement Board, upon the recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. For the fiscal year ended June 30, 2013, plan members were required to contribute 10% of their annual covered salary. The District was required to contribute 14%; 13% was the portion used to fund pension obligations.

The District's required contribution for pension obligations for the fiscal years ended June 30, 2013, 2012, and 2011 was \$875,314, \$795,724, and \$793,421, respectively; 87% has been contributed for fiscal year 2013 and 100% for fiscal years 2012 and 2011.

B. School Employees Retirement System

The District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer defined benefit pension plan administered by the School Employees Retirement Board. SERS provides retirement, 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 Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. The report can be obtained by visiting the SERS website at www.ohsers.org under Employers/Audit Resources.

Plan members are required to contribute 10% of their annual covered salary and the District is required to contribute 14% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10% for plan members and 14% for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2012, the allocation to pension and

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death benefits was 13.10%. The remaining .90% of the 14% employer contribution rate is allocated to the Medicare B and Health Care funds. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2013, 2012, and 2011 were \$291,597, 282,851, and \$330,123, respectively; 95% has been contributed for fiscal year 2013 and 100% for fiscal years 2012, and 2011.

C. Social Security System

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

NOTE 11 – POST EMPLOYMENT BENEFITS

A. State Teachers Retirement System

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

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

Pursuant to Chapter 3307 of the Ohio Revised Code, the Retirement Board has discretionary authority over how much, if any, of the associated health care cost will be absorbed by STRS Ohio. All benefit recipients, for the most recent year, pay a portion of the health care costs in the form of a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. Of the 14% employer contribution rate, 1% of covered payroll was allocated to post-employment health care for the years ended June 30, 2013, 2012, and 2011. The 14% employer contribution rate is the maximum rate established under Ohio law.

The District required contributions for post-employment health care were \$67,332, \$61,210 and \$61,032, respectively; 87% has been contributed for 2013 and 100% for fiscal years 2012 and 2011.

B. School Employees Retirement System

In addition to a cost-sharing multiple-employer defined benefit pension plan the School Employees Retirement System of Ohio (SERS) administer two postemployment benefit plans.

Medicare Part B Plan

The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code (ORC) 3309.69. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2013 was \$104.90 for most participants, but could be as high as \$335.70 per month depending on their income. SERS' reimbursement to retirees was \$45.50.

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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 2013, the actuarially required allocation was .74%. The District's contributions for the years ended June 30, 2013, 2012 and 2011 were \$16,472, \$16,704 and \$17,921, respectively; 95% has been contributed for 2013 and 100% for fiscal years 2012 and 2011.

Health Care Plan

ORC 3309.375 and 3309.69 permit SERS to offer health care benefits to eligible retirees and beneficiaries. SERS' Retirement Board reserves the right to change or discontinue any health plan or program. SERS offers several types of health plans for various vendors, including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively.

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

The Health Care Fund was established under, and is administered in accordance with Internal Revenue Code 401(h). Each year after the allocation for statutory required benefits, the Retirement Board allocates the remainder of the employer 14% contribution to the Health Care Fund. At June 30, 2013, the health care allocation was .16%. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provided that no employee shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2013, the minimum compensation level was \$20,525. The surcharge, added to the unallocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The District contributions assigned to health care for the years ended June 30, 2013, 2012 and 2011 were \$31,395, \$36,733 and \$59,708, respectively; 11% has been contributed for 2013 and 100% for fiscal years 2012 and 2011.

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

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

NOTE 12 – NOTES PAYABLE AND LONG TERM DEBT

Changes in long-term obligations of the District during fiscal year 2013 were as follows:

| | Outstanding <u>6/30/12</u> | <u>Deletions</u> | Outstanding <u>6/30/13</u> | Due Within <u>One Year</u> |
|---------------------------|-------------------------------|------------------|-------------------------------|-------------------------------|
| General Obligation Bonds | | | | |
| 2002 classroom facilities | \$ 90,000 | \$ 90,000 | \$ - | \$ - |
| 2005 unlimited tax refund | 8,294,998 | 600,000 | 7,694,998 | 625,000 |
| 2010 energy conservation | 1,170,000 | 85,000 | 1,085,000 | 85,000 |

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| | | | | |
|---------------------------|---------------------|-------------------|---------------------|-------------------|
| 2012 classroom facilities | <u>1,525,000</u> | <u>5,000</u> | <u>1,520,000</u> | <u>90,000</u> |
| | <u>\$11,079,998</u> | <u>\$ 780,000</u> | <u>\$10,299,998</u> | <u>\$ 800,000</u> |

On May 7, 2002, District residents approved a \$2,182,000 bond issue to pay the local share of school construction of a new elementary and renovation of a middle school under the Ohio School Facilities Commission Exceptional Need Project. General obligation classroom facilities improvement bonds totaling \$2,182,000 were issued October 17, 2002 with interest rates ranging from 2 percent to 4.6 percent. The bond issue included serial, term, and capital appreciation bonds. Current interest serial bonds mature annually from 2003 through 2022. Current interest term bonds mature in 2025. Capital appreciation bonds matured in 2006, 2007, and 2008. The maturity amount of the capital appreciation bonds is \$240,000. On January 5, 2012, the remaining \$1,525,000 face value of the bonds were refunded through the issuance of new bonds. The refunding bonds have interest rates from 3.55% to 4.60% and mature on December 1, 2025.

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

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

Total expenditures for interest for the above debt for the period ended June 30, 2013 was \$425,209.

The scheduled payments of principal and interest on debt outstanding at June 30, 2013 are as follows:

| For the Years Ending June 30, | Principal | Interest | Total |
|----------------------------------|----------------------|---------------------|----------------------|
| 2014 | \$ 800,000 | \$ 392,954 | \$ 1,192,954 |
| 2015 | 322,661 | 874,868 | 1,197,529 |
| 2016 | 312,337 | 891,984 | 1,204,321 |
| 2017 | 835,000 | 344,152 | 1,179,152 |
| 2018 | 860,000 | 311,421 | 1,171,421 |
| 2019-2023 | 4,785,000 | 1,006,362 | 5,791,362 |
| 2024-2028 | <u>2,385,000</u> | <u>115,922</u> | <u>2,500,922</u> |
| Total | <u>\$ 10,299,998</u> | <u>\$ 3,937,663</u> | <u>\$ 14,237,661</u> |

NOTE 13 – SET ASIDE REQUIREMENTS

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

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

Capital
Acquisition

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| | |
|--------------------------------------|--------------------|
| Current Year Set-Aside Requirement | \$ 214,913 |
| Current Year Qualifying Expenditures | (114,231) |
| Current Year Offsets | <u>(100,682)</u> |
| Total | <u><u>\$ -</u></u> |

NOTE 14 – INTERFUND TRANSFERS

Interfund cash transfers for the year ended June 30, 2013 were as follows:

| <u>Transfer From</u> | <u>General Fund</u> | <u>Debt Service</u> | <u>All Other Govern- mental Funds</u> | <u>Agency</u> | <u>Total</u> |
|------------------------------|-------------------------|-------------------------|---|---------------|-------------------|
| General Fund | \$ 400 | \$ - | \$ 6,125 | \$ 502 | \$ 7,027 |
| All Other Governmental Funds | | 143,743 | | | 143,743 |
| Agency | | | | 241 | 241 |
| Total | <u>\$ 400</u> | <u>\$ 143,743</u> | <u>\$ 6,125</u> | <u>\$ 743</u> | <u>\$ 151,011</u> |

Transfers from the General Fund were operating funds for athletics and student activities. Transfers from all Other Governmental Funds, the permanent improvement fund, to the debt service fund were to make payments on the energy conservation bonds. Transfers from the Agency Fund were to support student activities.

NOTE 15 – INTERFUND BALANCES

At June 30, 2013, the General Fund had unpaid interfund cash advances, in the amount of \$5,000 and \$2,700, for short-term loans made to the Athletics and Title II-A special revenue funds, respectively. These are expected to be repaid within one year.

Prior year advances of \$52,328 made to federal grant funds were repaid to the General Fund.

NOTE 16 - CONTINGENCIES

Grants

The District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2013.

Litigation

On July 5, 2013, a lawsuit was filed against the District alleging breach of contract for athletic training services. No negotiations have been entered into. The District cannot predict the outcome of this lawsuit or estimate the amount of any loss that may result.

NOTE 17 – JOINTLY GOVERNED ORGANIZATIONS

A. Northwest Ohio Computer Association

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

The NWOCA Assembly consists of a superintendent from each participating school district and a representative from the fiscal agent. The Assembly elects the Council. NWOCA is governed by a Council chosen from two representatives from each of the four counties in which the member school districts are located and the representative from the member school district serving as fiscal agent for NWOCA. The degree of control exercised by any participating school district is limited to its representation on the Board. During fiscal year 2013, the District paid \$100,869 to NWOCA for various services. Financial information can be obtained from Robin Pfund, who serves as treasurer, at 209 Nolan Parkway, Archbold, Ohio 43502.

B. Northern Buckeye Education Council

The Northern Buckeye Education Council (the Council) was established in 1979 to foster cooperation among school districts located in Defiance, Fulton, Henry, and Williams Counties. The Council is organized under Ohio laws as a regional council of governments pursuant to a written agreement entered into by its member school districts and bylaws adopted by the representatives of the member school districts. The council is governed by an elected board consisting of two representatives from each of the four counties in which the member educational entities are located. The Board is elected from an assembly consisting of a representative from each participating educational entity. During fiscal year 2013, the District paid \$250 to the Council for its membership fee. To obtain financial information write to the Northern Buckeye Education Council, Robin Pfund, who serves as treasurer, at 209 Nolan Parkway, Archbold, Ohio 43502.

C. Four County Career Center

The Four County Career Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the educational service centers from the counties of Defiance, Fulton, Henry, and Williams; one representative from each of the city school districts; one representative from each of the exempted village school districts; and one additional representative from Fulton County educational service center. The Four County Joint Vocational School possesses its own budgeting and taxing authority. To obtain financial information write to Jennifer Bonner, Treasurer, at 22-900 State Route 34, Archbold, Ohio 43502.

D. Educational Regional Service System

The Educational Regional Services System (System) is a jointly governed organization among the school districts located in Defiance, Fulton, Hancock, Henry, Lucas, Ottawa, Paulding, Putnam, Sandusky, Seneca, Van Wert, Williams, and Wood Counties. House Bill 115 established the System and required the creation of a coordinated, integrated, and aligned system to support state and school district efforts to improve school effectiveness and student achievement.

The System is a 16-region system consisting of a State Regional Alliance Advisory Board, an advisory council and 5 specialized subcommittees for each of the 16 regions, a fiscal agent for each region, educational service centers, special education regional resource centers, data acquisition sites, and other regional service providers. The 34 member State Regional Alliance Advisory Board is not a policymaking body. Members are to receive no compensation. The Board's duties are to promote communication and coordination among the State Board of Education, the Department of Education, fiscal agents, advisory councils, and customers of the

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System. The degree of control exercised by any participating school district is limited to its representation on the Board. Financial information can be obtained from the Educational Service Center of Lake Erie West, 2275 Collingwood, Toledo, Ohio 43620.

E. Northern Buckeye Health Plan

The Northern Buckeye Health Plan (NBHP) was established January 1, 2012 to foster cooperation among school districts located in Defiance, Fulton, Henry, and Williams Counties. NBHP is a member of Ohio Health Initiatives (OHI) and provides insurance services to its members. NBHP is governed by an elected Board consisting of two representatives from each of the four counties in which the member educational entities are located. The Board is elected from an Assembly consisting of a representative from each participating educational entity. To obtain financial information write to the Northern Buckeye Health Plan/OHI, Jenny Jostworth, Treasurer, at 10999 Reed Hartman Highway, Suite 304E, Cincinnati, OH 45242.

NOTE 18 – PUBLIC ENTITY RISK POOLS

A. Employee Insurance Benefits Program

The Northern Buckeye Health Plan, Northwest Division of OHI, Insurance Benefits Program (the Pool) is a public entity shared risk pool consisting of educational entities located in Defiance, Fulton, Henry, and Williams Counties. The Pool is governed by OHI and its participating members.

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

During the fiscal year ending June 30, 2013, the District contributed a total of \$1,357,165 to Northern Buckeye Health Plan, Northwest Division of OHI for all employee insurance plans. Financial information can be obtained from Jenny Jostworth, Treasurer, at 10999 Reed Hartman Highway, Suite 304E, Cincinnati, OH 45242.

B. Worker's Compensation Group Rating Plan

The District participates in a group rating plan for workers' compensation as established under section §4123.29 of the Ohio Revised Code. The Northern Buckeye Health Plan, Northern Division of OHI (NBHP) Worker's Compensation Group Rating Plan (WCGRP) is an insurance purchasing pool. The WCGRP is governed by the Northern Buckeye Health Plan and the participating members of the WCGRP. The Executive Director of the NBHP coordinates the management and administration of the program. During the fiscal year ending June 30, 2013, the District paid an enrollment fee of \$1,325 to WCGRP to cover costs of administering the program.

C. The Ohio School Plan

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

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity. The Plan provides property, general liability, educator's legal liability, automobile, and

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violence coverage's, modified for each member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the member's specific deductible.

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

The Plan's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2012 and 2011:

| | 2012 | 2011 |
|----------------|--------------|--------------|
| Assets | \$ 5,351,369 | \$ 4,280,876 |
| Liabilities | 2,734,952 | 1,812,420 |
| Members Equity | 2,616,417 | 2,468,456 |

NOTE 19 – RELATED ORGANIZATIONS

A. Non-public School

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

B. Evergreen Community Library

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

EVERGREEN LOCAL SCHOOL DISTRICT
FULTON COUNTY

FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE YEAR ENDED JUNE 30, 2013

| FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title | Federal CFDA Number | Receipts | Disbursements |
|--|---------------------------|-------------------------|-------------------------|
| U.S. DEPARTMENT OF AGRICULTURE | | | |
| <i>Passed Through Ohio Department of Education:</i> | | | |
| <u>Child Nutrition Cluster:</u> | | | |
| School Breakfast Program - Cash Assistance | 10.553 | \$46,411 | \$46,411 |
| National School Lunch Program | 10.555 | | |
| Cash Assistance | | 167,038 | 167,038 |
| Non- Cash Assistance (Food Distribution) | | 43,397 | 43,397 |
| Total National School Lunch Program | | <u>210,435</u> | <u>210,435</u> |
| Total Child Nutrition Cluster | | <u>256,846</u> | <u>256,846</u> |
| State Administrative Expenses for Child Nutrition | 10.560 | 3,945 | |
| Total U.S. Department of Agriculture | | <u>260,791</u> | <u>256,846</u> |
| U.S. DEPARTMENT OF EDUCATION | | | |
| <i>Passed Through Ohio Department of Education:</i> | | | |
| <u>Special Education Cluster (IDEA):</u> | | | |
| Special Education - Grants to States (IDEA, Part B) | 84.027 | 263,635 | 263,635 |
| Special Education - Preschool Grants (IDEA, Preschool) | 84.173 | 12,992 | 12,992 |
| Total Special Education Cluster (IDEA) | | <u>276,627</u> | <u>276,627</u> |
| ARRA - State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act | 84.395 | 71,972 | 47,006 |
| Title I Grants to Local Educational Agencies | 84.010 | 262,309 | 224,955 |
| Improving Teacher Quality State Grants | 84.367 | 31,848 | 34,051 |
| Total U.S. Department of Education | | <u>642,756</u> | <u>582,639</u> |
| Totals | | <u>\$903,547</u> | <u>\$839,485</u> |

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS SCHEDULE.

**EVERGREEN LOCAL SCHOOL DISTRICT
FULTON COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2013**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - SUBRECIPIENTS

The District passes certain federal awards received from the Ohio Department of Education to other governments or not-for-profit agencies (subrecipients). As Note A describes, the District reports expenditures of Federal awards to subrecipients when paid in cash.

As a subrecipient, the government has certain compliance responsibilities, such as monitoring its subrecipients to help assure they use these subawards as authorized by laws, regulations, and the provisions of contracts or grant agreements, and that subrecipients achieve the award's performance goals. The amount passed through to subrecipients was \$276,627.

NOTE C - CHILD NUTRITION CLUSTER

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

NOTE D – FOOD DONATION PROGRAM

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



Dave Yost • Auditor of State

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

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

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Evergreen Local School District, Fulton County, Ohio (the District) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 3, 2013, wherein we noted the District uses a special purpose framework other than generally accepted accounting policies.

Internal Control Over Financial Reporting

As part of our financial statement audit, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinions on the financial statements, but not to the extent necessary to opine on the effectiveness of the District's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the District's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of

noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2013-001.

Entity's Response to Findings

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

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

Dave Yost
Auditor of State

Columbus, Ohio

December 3, 2013



Dave Yost • Auditor of State

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

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

To the Board of Education:

Report on Compliance for Each Major Federal Program

We have audited Evergreen Local School District's, Fulton County, Ohio (the District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the District's major federal programs for the year ended June 30, 2013. The *Summary of Audit Results* in the accompanying schedule of findings identifies the District's major federal programs.

Management's Responsibility

The District's Management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to opine on the District's compliance for each of the District's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the District's major programs. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, Evergreen Local School District, Fulton County, Ohio complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2013.

Report on Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the District's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.



Dave Yost
Auditor of State

Columbus, Ohio

December 3, 2013

EVERGREEN LOCAL SCHOOL DISTRICT
FULTON COUNTY

SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2013

1. SUMMARY OF AUDITOR'S RESULTS

| | | |
|---------------------|--|---|
| <i>(d)(1)(i)</i> | Type of Financial Statement Opinion | Unmodified |
| <i>(d)(1)(ii)</i> | Were there any material control weaknesses reported at the financial statement level (GAGAS)? | No |
| <i>(d)(1)(ii)</i> | Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)? | No |
| <i>(d)(1)(iii)</i> | Was there any reported material noncompliance at the financial statement level (GAGAS)? | Yes |
| <i>(d)(1)(iv)</i> | Were there any material internal control weaknesses reported for major federal programs? | No |
| <i>(d)(1)(iv)</i> | Were there any significant deficiencies in internal control reported for major federal programs? | No |
| <i>(d)(1)(v)</i> | Type of Major Programs' Compliance Opinion | Unmodified |
| <i>(d)(1)(vi)</i> | Are there any reportable findings under § .510(a)? | No |
| <i>(d)(1)(vii)</i> | Major Programs (list): | Nutrition Cluster – School Breakfast Program CFDA #10.553 and National School Lunch Program CFDA #10.555 Special Education Cluster – Grants to States (IDEA, Part B) CFDA #84.027 and Preschool Grants (IDEA Preschool) CFDA #84.173 |
| <i>(d)(1)(viii)</i> | Dollar Threshold: Type A/B Programs | Type A: > \$ 300,000 Type B: all others |
| <i>(d)(1)(ix)</i> | Low Risk Auditee? | No |

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

FINDING NUMBER 2013-001

Noncompliance Citation

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

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

The District prepared financial statements that, although formatted similar to financial statements prescribed by Governmental Accounting Standards Board Statement No. 34, report on the cash basis of accounting. This presentation differs from accounting principles generally accepted in the United States of America (GAAP). There would be variances on the financial statements between the District's accounting practice and GAAP, while presumably material, cannot be reasonably determined at this time. The District can be fined and various other administrative remedies may be taken against the District.

We recommend the District take the necessary steps to ensure the financial report is prepared in accordance with generally accepted accounting principles.

Officials' Response:

Management believes reporting on a basis of accounting other than generally accepted accounting principles (GAAP) is more cost efficient.

3. FINDINGS FOR FEDERAL AWARDS

None.

**EVERGREEN LOCAL SCHOOL DISTRICT
FULTON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A -133 § .315 (b)
JUNE 30, 2013**

| Finding Number | Finding Summary | Fully Corrected? | Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i> |
|----------------|---|------------------|--|
| 2012-001 | Ohio Revised Code § 117.38 and Ohio Administrative Code § 117-2-03 (B) – for not preparing its annual financial report in accordance with generally accepted accounting principles. | No | Not corrected. Reissued as finding 2013-001 in this report. |
| 2012-002 | Ohio Revised Code § 5705.10 (D) – for not recording the sale of public obligations into a special fund for the purpose of such issue. | Yes | |
| 2012-003 | 1 CFR Part §245 §3(C) – for incorrect approval of applications for free meals or free milk. | Yes | |

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURE

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

To the Board of Education:

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

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

We noted the Board amended its anti-harassment policy at its meeting on June 5, 2012 to include prohibiting harassment, intimidation, or bullying of any student "on a school bus" or by an "electronic act".

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.

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

Dave Yost
Auditor of State

December 3, 2013

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Dave Yost • Auditor of State

EVERGREEN LOCAL SCHOOL DISTRICT

FULTON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
DECEMBER 19, 2013**