

Green Local School District
Summit County, Ohio
Audited Financial Statements

June 30, 2008



Mary Taylor, CPA
Auditor of State

Board of Education
Green Local School District
1900 Greensburg Road
Green, Ohio 44232

We have reviewed the *Independent Auditor's Report* of the Green Local School District, Summit County, prepared by Rea & Associates, Inc., for the audit period July 1, 2007 through June 30, 2008. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

February 17, 2009

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**GREEN LOCAL SCHOOL DISTRICT
STARK COUNTY**

JUNE 30, 2008

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December 19, 2008

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

Independent Auditor's Report

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Green Local School District (the "School District"), Summit County, Ohio as of and for the year ended June 30, 2008, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the School District as of June 30, 2008, and the respective changes in financial position and the cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we also have issued our report dated December 19, 2008, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or compliance. That report is an integral part of the audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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

Green Local School District
Independent Accountants' Report
December 19, 2008
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Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements. In our opinion, it is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Hea & Associates, Inc.

Green Local School District (Summit County)

Management's Discussion and Analysis For the Fiscal Year Ended June 30, 2008

The discussion and analysis of Green Local School District's (the School District's) financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2008. The intent of this discussion and analysis is to look at School District's performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2008 are as follows:

- ❑ General Revenues accounted for \$35,552,292 in revenue or 87.4% of all revenues. Program specific revenues in the form of charges for services and sales, grants, and contributions accounted for \$5,106,196 or 12.6% of total revenues of \$40,658,488.
- ❑ Total program expenses were \$42,345,391 in governmental activities.
- ❑ In total, net assets of governmental activities decreased \$1,686,903 which represents a 26% decrease from 2007.
- ❑ Outstanding long term debt obligations decreased from \$25,931,078 to \$24,199,993 during the fiscal year.

Reporting the School District as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2008?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include *all assets* and *liabilities* using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

Green Local School District (Summit County)

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008*

Reporting the School District's Most Significant Funds

Fund Financial Statements

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

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

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

The proprietary fund financial statements begin on page 18.

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

The fiduciary fund financial statement begins on page 21.

Notes to the Financial Statements - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements begin on page 22.

Green Local School District (Summit County)

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008*

The School District as a Whole

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

Table 1 provides a summary of the School District's net assets for 2008 compared to 2007:

**(Table 1)
Net Assets**

	Governmental Activities	
	2008	2007 (Restated)
Assets:		
Current and other assets	\$ 31,085,639	\$ 32,829,450
Capital assets	43,649,638	44,832,993
Total assets	<u>74,735,277</u>	<u>77,662,443</u>
Liabilities:		
Long-term liabilities	40,412,753	42,301,055
Other liabilities	25,460,816	24,812,777
Total liabilities	<u>65,873,569</u>	<u>67,113,832</u>
Net Assets:		
Invested in capital assets, net of related debt	20,279,218	20,263,416
Restricted	3,537,250	3,663,044
Unrestricted (deficit)	<u>(14,954,760)</u>	<u>(13,377,849)</u>
Total net assets	<u>\$ 8,861,708</u>	<u>\$ 10,548,611</u>

Total assets decreased by \$2,927,166. The decrease was primarily the result of a decrease in cash. Operating revenues of the general fund did not keep pace with increased operating costs. Also contributing to the reduction in cash, was the early paydown on outstanding bus bonds and energy conservation bonds.

Total liabilities decreased by \$1,240,263. This decrease was a result of payment of bonds and other long term obligations.

As a result of the above, overall net assets of the School District decreased \$1,686,903, or 26% compared to fiscal year 2007.

Green Local School District (Summit County)

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008*

Table 2 shows the changes in net assets for fiscal year 2008 and 2007.

**(Table 2)
Governmental Activities**

	<u>2008</u>	<u>2007</u>
Revenues		
<i>Program Revenues:</i>		
Charges for Services	\$ 2,090,615	\$ 1,997,046
Operating Grants	2,654,404	1,095,107
Capital grants and contributions	361,177	334,422
<i>General Revenue:</i>		
Property Taxes	21,171,797	21,672,706
Grants and Entitlements	13,697,599	14,750,342
Other	682,896	941,269
<i>Total Revenues</i>	<u>40,658,488</u>	<u>40,790,892</u>
Program Expenses		
Instruction	23,259,858	22,261,457
Support Services	15,031,995	13,514,907
Operation of Non-Instructional	114,368	120,836
Extracurricular Activities	990,047	902,131
Interest and Fiscal Charges	1,543,496	2,044,348
Food Service	1,405,627	1,253,841
<i>Total Expenses</i>	<u>42,345,391</u>	<u>40,097,520</u>
Increase (Decrease) in Net Assets	<u>\$ (1,686,903)</u>	<u>\$ 693,372</u>

Total expenses of \$42,345,391, increased by \$2,247,871 over 2007. The most significant increases were to instruction and within support services. One of the primary causes of the increase in support services was the increase to operations and maintenance, which resulted from an increase in staffing and utility services. The increase to instruction was a result of increase in wages due to salary increases. Interest expense decreased during the fiscal year as a result of improper reporting in prior year related to the accretion of capital appreciation bonds (see Note 3 of the financial statements). In prior years, interest was not accrued on capital appreciation bonds. During FY07, the first of three of these bonds were retired and \$879,508 of interest was recognized as a FY07 expense as opposed to these expenses being amortized over the life of the bonds that were issued during 1999. The restatement in Note 3 only effect the beginning net asset balances, thus no effect on expenses is shown in the table above.

Green Local School District (Summit County)

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008*

Governmental Activities

Information about the School District's major funds starts on page 14.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements. All governmental activities had total revenues of \$40,658,488 and expenses of \$42,345,391.

**(Table 3)
Governmental Activities**

	2008		2007	
	Total Cost of Service	Net Cost of Service	Total Cost of Service	Net Cost of Service
Instruction	\$ 23,259,858	\$ 21,306,798	\$ 22,261,457	\$ 21,712,751
Support Services:				
Pupil and Instructional Staff	4,315,223	3,413,112	3,844,033	3,014,307
Board of Education, Administration, Fiscal, and Business	3,820,126	3,712,581	3,370,785	3,282,150
Operation and Maintenance of Plant	4,975,247	4,900,246	4,532,052	4,465,526
Pupil Transportation	1,899,394	1,844,341	1,747,552	1,723,267
Central	22,005	21,673	20,485	20,159
Operation of Non-Instructional	114,368	676,219	120,836	12,069
Extracurricular Activities	990,047	(323,979)	902,131	300,496
Food Service Operations	1,405,627	144,708	1,253,841	95,872
Interest and Fiscal Charges	1,543,496	1,543,496	2,044,348	2,044,348
Total Expenses	<u>\$ 42,345,391</u>	<u>\$ 37,239,195</u>	<u>\$ 40,097,520</u>	<u>\$ 36,670,945</u>

Instruction and student support services comprise 65% of governmental program expenses. Interest and fiscal charges were 4%. Interest expense was attributable to the outstanding bonds, and fiscal expenses including payments to the County Auditor for administrative fees. Pupil transportation and the operation and maintenance of facilities accounts for 16% of governmental program expenses.

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

The School District's Funds

The fund financial statements for the School District's major funds start on page 13. The School District's governmental funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$40,190,773 and total expenditures of \$42,316,091.

The general fund decreased in 2008 by \$1,955,169. This decrease in the general fund was the result of the operating revenues not keeping pace with the increased operating costs, as well as a reduction in cash to pay down the outstanding bus bonds and energy conservations bonds early.

Green Local School District (Summit County)

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008*

The permanent improvement fund decreased in 2008 by \$9,805. This decrease in the permanent improvement fund was the result of tax levy monies for permanent improvements being used to pay outstanding bond/debt.

General Fund Budgeting Highlights

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

During the course of fiscal year 2008, the School District did modify its general fund budget, modifications were insignificant. The School District uses site-based budgeting and budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

For the General Fund, the final budget basis revenue decreased \$249,326 from the original budget estimates of \$31,079,955. The School District begins the fiscal year with a temporary budget. This is updated in September with Board approval of the permanent appropriations. Budget adjustments are made throughout the year as updated information becomes available.

Actual revenues of \$31,631,162 was \$800,533, more than the final budgeted amounts. This amount was primarily due to a higher than expected amount of state revenue support.

Actual expenditures and encumbrances of \$33,563,282, were \$994,700, lower than the \$34,557,982 in the final budget, the majority of this decrease is based in instruction.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2008, the School District had \$43.6 million invested in land, buildings and improvements, furniture and equipment, and vehicles. Table 4 shows fiscal year 2008 balances compared with 2007.

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

	2008	2007
Land	\$ 826,143	\$ 826,143
Buildings and Improvements	40,525,968	41,996,312
Furniture and Equipment	1,573,295	1,358,895
Vehicles	724,232	651,643
Totals	<u>\$ 43,649,638</u>	<u>\$ 44,832,993</u>

The \$1,183,355 decrease in capital assets was attributable to depreciation expense exceeding capital asset additions.

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

Green Local School District (Summit County)

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008*

Ohio law requires School Districts to set aside 3% of certain revenues for capital improvements and an additional 3% for textbooks. For fiscal year 2008, this amounted to \$631,569 for each set aside. The School District has qualifying disbursements or offsets equal to or exceeding these requirements for capital improvements. See Note 19 for additional information.

Debt

At June 30, 2008, the School District had long-term debt obligations and capital leases of \$24,199,993. Table 5 summarizes outstanding debt.

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

	<u>2008</u>	<u>2007 (Restated)</u>
Long Term Debt Obligations	\$ 24,199,993	\$ 25,278,671
Capital Lease	0	652,407
Totals	<u>\$ 24,199,993</u>	<u>\$ 25,931,078</u>

See Note 14 to the basic financial statements for detail on the School District's long-term obligations.

Current Issues

The Green Local School District continues to receive strong support from the residents of Green Local School District. As the preceding information shows, Green Local School District relies heavily on its local property taxpayers. The last operating levy passed by the residents of the district was in May, 1999, with the promise that the revenue generated by a levy would provide sufficient funding for five years. The Board of Education submitted a new operating levy to the residents of the district in November 2004, May 2005 and November 2005. None of these levies were approved by the voters.

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

Thus, Green Local School District's dependence upon property taxes is hampered by a lack of revenue growth and must regularly return to the voters to maintain a constant level of service. Property taxes made up 59% of revenues for governmental activities for the Green Local School District in fiscal year 2008.

Green Local School District (Summit County)

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008*

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

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

Green Local School District does not anticipate any meaningful growth in State revenue. The concern is that, to meet the requirements of the Court, the State may require redistribution of state funding based upon each district's property wealth. This could have a significant impact on Green Local School District. Another area of concern will be the State Legislative approval of the biennial budget, effective July 1, 2009. How the legislature plans to fund education programs during a weakened economy remains a concern.

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

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

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Roy Swartz, Treasurer of Green Local School District, 1900 Greensburg Road, P.O. Box 218, Green, Ohio 44232.

Green Local School District (Summit County)

Statement of Net Assets

June 30, 2008

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 9,173,065
Receivables:	
Taxes	21,610,893
Accounts	61,806
Intergovernmental	239,875
Nondepreciable Capital Assets	826,143
Depreciable Capital Assets (Net)	42,823,495
<i>Total Assets</i>	<u>74,735,277</u>
Liabilities	
Accounts Payable	201,236
Contracts Payable	165,419
Accrued Wages and Benefits	4,007,366
Vacation Benefits Payable	156,620
Early Retirement Incentive Payable	75,000
Intergovernmental Payable	1,077,348
Deferred Revenue	19,406,691
Claims Payable	371,136
Long Term Liabilities:	
Due Within One Year	1,250,523
Due In More Than One Year	39,162,230
<i>Total Liabilities</i>	<u>65,873,569</u>
Net Assets	
Invested in Capital Assets, Net of Related Debt	20,279,218
Restricted for:	
Capital Projects	2,104,523
Debt Service	781,031
Other Purposes	136,471
Restricted for Textbook/Instructional Materials	231,583
Restricted for Budget Stabilization	283,642
Unrestricted	(14,954,760)
<i>Total Net Assets</i>	<u>\$ 8,861,708</u>

See accompanying notes to the basic financial statements.

Green Local School District (Summit County)
Statement of Activities
For the Fiscal Year Ended June 30, 2008

	Program Revenues			Net (Expense) Revenue and Changes In Net Assets	
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
Governmental Activities					
Current:					
Instruction:					
Regular	\$ 16,278,780	\$ 272,355	\$ 114,049	\$ 0	\$ (15,892,376)
Special	5,585,153	83,821	1,398,984	20,562	(4,081,786)
Vocational	310,034	5,701	39,518	0	(264,815)
Other	1,085,891	18,070	0	0	(1,067,821)
Support Services:					
Pupils	2,487,567	336,279	437,619	0	(1,713,669)
Instructional Staff	1,827,656	24,827	103,386	0	(1,699,443)
Board of Education	41,980	699	0	0	(41,281)
Administration	2,786,651	40,264	51,328	0	(2,695,059)
Fiscal	820,980	12,426	0	0	(808,554)
Business	170,515	2,828	0	0	(167,687)
Operation and Maintenance of Plant	4,975,247	57,001	18,000	0	(4,900,246)
Pupil Transportation	1,899,394	29,096	25,957	0	(1,844,341)
Central	22,005	332	0	0	(21,673)
Operation of Non-Instructional Services	114,368	0	123,895	0	9,527
Food Service Operations	1,405,627	919,251	341,668	0	(144,708)
Extracurricular Activities	990,047	287,665	0	340,615	(361,767)
Interest and Fiscal Charges	1,543,496	0	0	0	(1,543,496)
Totals	\$ 42,345,391	\$ 2,090,615	\$ 2,654,404	\$ 361,177	(37,239,195)
General Revenues					
Property Taxes Levied for:					
					16,607,411
					1,969,788
					2,594,598
					13,697,599
					484,812
					198,084
					<u>35,552,292</u>
					(1,686,903)
					<u>10,548,611</u>
					<u>\$ 8,861,708</u>

See accompanying notes to the basic financial statements.

Green Local School District (Summit County)

Balance Sheet

Governmental Funds

June 30, 2008

	<u>General</u>	<u>Permanent Improvement</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 4,257,437	\$ 1,942,249	\$ 998,333	\$ 7,198,019
Cash and Cash Equivalents:				
Restricted Cash	515,225	0	0	515,225
Receivables:				
Taxes	16,884,657	3,092,078	1,634,158	21,610,893
Accounts	61,806	0	0	61,806
Intergovernmental	0	0	239,875	239,875
<i>Total Assets</i>	<u>\$ 21,719,125</u>	<u>\$ 5,034,327</u>	<u>\$ 2,872,366</u>	<u>\$ 29,625,818</u>
Liabilities and Fund Balances				
Liabilities				
Accounts Payable	\$ 147,811	\$ 29,091	\$ 24,334	\$ 201,236
Contracts Payable	165,419	0	0	165,419
Accrued Wages and Benefits	3,698,708	9,202	299,456	4,007,366
Vacation Benefits Payable	130,829	25,791	0	156,620
Intergovernmental Payable	925,624	23,824	127,900	1,077,348
Deferred Revenue	15,554,104	2,921,655	1,442,155	19,917,914
<i>Total Liabilities</i>	<u>20,622,495</u>	<u>3,009,563</u>	<u>1,893,845</u>	<u>25,525,903</u>
Fund Balances				
Reserved for Encumbrances	466,535	462,386	127,059	1,055,980
Reserved for Tax Revenue Unavailable for Appropriation	1,301,292	124,376	235,970	1,661,638
Reserved to Textbook/Instructional Materials	231,583	0	0	231,583
Reserved for Budget Stabilization	283,642	0	0	283,642
Undesignated, Reported in:				
General Fund	(1,186,422)	0	0	(1,186,422)
Special Revenue Funds	0	0	85,166	85,166
Debt Service Fund	0	0	481,178	481,178
Capital Projects Funds	0	1,438,002	49,148	1,487,150
<i>Total Fund Balances</i>	<u>1,096,630</u>	<u>2,024,764</u>	<u>978,521</u>	<u>4,099,915</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 21,719,125</u>	<u>\$ 5,034,327</u>	<u>\$ 2,872,366</u>	<u>\$ 29,625,818</u>

See accompanying notes to the basic financial statements.

Green Local School District (Summit County)
*Reconciliation of Total Governmental Fund Balances to
 Net Assets Governmental Activities
 June 30, 2008*

Total Governmental Fund Balances	\$	4,099,915
 <i>Amounts reported for governmental activities in the statement of net assets are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.		43,649,638
Other long-term assets are not available to pay for current-period expenditures and therefore, are deferred in the funds.		
Grants	\$ 17,428	
Tuition	54,731	
Delinquent Property Taxes	439,064	511,223
 An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net assets.		 1,088,685
 Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore, are not reported in the funds.		
General Obligation Bonds	(24,199,993)	
Compensated Absences	(1,683,984)	
Early Retirement Incentive	(75,000)	
Unearned Revenue-Long Term (See Note 14)	(14,528,776)	(40,487,753)
 Net Assets of Governmental Activities	 \$	 <u>8,861,708</u>

See accompanying notes to the basic financial statements.

Green Local School District (Summit County)
Statement of Revenues, Expenditures and Changes in Fund Balances
 Governmental Funds
 For the Fiscal Year Ended June 30, 2008

	General	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Revenues:				
Taxes	\$ 16,422,716	\$ 2,593,628	\$ 1,920,108	\$ 20,936,452
Intergovernmental	13,956,646	342,756	2,236,139	16,535,541
Investment Income	478,132	0	6,680	484,812
Tuition and Fees	356,175	0	0	356,175
Extracurricular Activities	0	0	611,751	611,751
Charges for Services	148,707	0	919,251	1,067,958
Miscellaneous	127,756	26,767	43,561	198,084
<i>Total Revenues</i>	<u>31,490,132</u>	<u>2,963,151</u>	<u>5,737,490</u>	<u>40,190,773</u>
Expenditures:				
Current:				
Instruction:				
Regular	14,819,383	20,092	142,196	14,981,671
Special	4,538,317	0	821,530	5,359,847
Vocational	338,300	0	8,430	346,730
Other	1,084,959	0	0	1,084,959
Support Services:				
Pupils	1,595,837	0	875,456	2,471,293
Instructional Staff	1,665,638	0	105,411	1,771,049
Board of Education	41,980	0	0	41,980
Administration	2,402,767	251,589	49,495	2,703,851
Fiscal	763,173	46,264	23,226	832,663
Business	166,913	0	0	166,913
Operation and Maintenance of Plant	3,259,858	312,263	0	3,572,121
Pupil Transportation	1,748,448	167,202	24,810	1,940,460
Central	19,950	0	0	19,950
Operation of Non-Instructional Services	0	0	120,176	120,176
Food Service Operations	0	0	1,364,209	1,364,209
Extracurricular Activities	699,337	0	294,320	993,657
Capital Outlay	165,419	886,734	217,828	1,269,981
Debt Service:				
Principal Retirement	0	861,792	337,364	1,199,156
Interest and Fiscal Charges	0	427,020	1,648,405	2,075,425
<i>Total Expenditures</i>	<u>33,310,279</u>	<u>2,972,956</u>	<u>6,032,856</u>	<u>42,316,091</u>
<i>Over (Under) Expenditures</i>	(1,820,147)	(9,805)	(295,366)	(2,125,318)
Other Financing Sources (Uses):				
Transfers In	0	0	135,022	135,022
Transfers Out	(135,022)	0	0	(135,022)
<i>Total Financing Sources and (Uses)</i>	<u>(135,022)</u>	<u>0</u>	<u>135,022</u>	<u>0</u>
<i>Net Change in Fund Balance</i>	(1,955,169)	(9,805)	(160,344)	(2,125,318)
<i>Fund Balance (Deficit) at Beginning of Year</i>	<u>3,051,799</u>	<u>2,034,569</u>	<u>1,138,865</u>	<u>6,225,233</u>
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$ 1,096,630</u>	<u>\$ 2,024,764</u>	<u>\$ 978,521</u>	<u>\$ 4,099,915</u>

See accompanying notes to the basic financial statements.

Green Local School District (Summit County)
Reconciliation of the Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2008

Net Change in Fund Balances - Total Governmental Funds	\$	(2,125,318)
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Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital assets as expenditures, however, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital additions in the current period.

Capital Asset Additions	\$ 592,528	
Current Year Depreciation	<u>(1,775,883)</u>	(1,183,355)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Unearned Revenue - Long Term(See Note 14)	340,615	
Tuition	(89,225)	
Grants	(19,020)	
Delinquent Property Taxes	<u>235,345</u>	467,715

Repayment of bond principal and capital leases is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.

Bond Principal	546,749	
Capital Leases	<u>652,407</u>	1,199,156

Some expenses reported in the statement of activities do not use the current financial resources and therefore, are not reported as expenditures in governmental funds.

Current Year Capital Appreciation on Bonds	531,929	
Compensated Absences	(183,398)	
Early Retirement Incentive	<u>(15,000)</u>	333,531

The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-wide statement of activities. The net revenue (expense) of internal service funds is reported with governmental activities.

(378,632)

Change in Net Assets of Governmental Activities	\$	<u><u>(1,686,903)</u></u>
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See accompanying notes to the basic financial statements.

Green Local School District (Summit County)
*Statement of Revenues, Expenditures, and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual
 General Fund
 For the Fiscal Year Ended June 30, 2008*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Revenues:				
Taxes	\$ 17,455,121	\$ 17,205,832	\$ 16,536,520	\$ (669,312)
Intergovernmental	12,467,710	12,467,675	13,812,690	1,345,015
Investment Income	431,575	431,574	478,132	46,558
Tuition and Fees	468,567	468,566	519,115	50,549
Charges for Services	134,227	134,227	148,707	14,480
Miscellaneous	122,755	122,755	135,998	13,243
<i>Total Revenues</i>	<u>31,079,955</u>	<u>30,830,629</u>	<u>31,631,162</u>	<u>800,533</u>
Expenditures:				
Current				
Instruction	20,677,677	21,105,110	20,768,154	336,956
Support Services				
Pupils	1,628,158	1,661,750	1,632,162	29,588
Instructional Staff	1,910,339	1,947,221	1,792,021	155,200
Board of Education	42,333	43,213	42,717	496
Administration	2,361,133	2,409,689	2,359,239	50,450
Fiscal	748,097	763,574	752,011	11,563
Business	154,940	158,130	154,997	3,133
Operation and Maintenance of Plant	3,690,480	3,762,567	3,502,599	259,968
Pupil Transportation	1,940,865	1,978,786	1,842,514	136,272
Central	19,332	19,733	19,507	226
Extracurricular Activities	693,857	708,209	697,361	10,848
<i>Total Expenditures</i>	<u>33,867,211</u>	<u>34,557,982</u>	<u>33,563,282</u>	<u>994,700</u>
Excess of Revenues Over (Under) Expenditures	(2,787,256)	(3,727,353)	(1,932,120)	1,795,233
Other Financing Sources (Uses):				
Refund of Prior Year Expenditures	60,685	60,684	67,231	6,547
Refund of Prior Year Receipts	(3,350)	(3,419)	(3,380)	39
Transfers Out	(133,810)	(136,588)	(135,022)	1,566
<i>Total Other Financing Sources (Uses)</i>	<u>(76,475)</u>	<u>(79,323)</u>	<u>(71,171)</u>	<u>8,152</u>
<i>Net Change in Fund Balance</i>	(2,863,731)	(3,806,676)	(2,003,291)	1,803,385
<i>Fund Balance (Deficit) at Beginning of Year</i>	5,633,036	5,633,036	5,633,036	0
Prior Year Encumbrances Appropriated	605,317	605,317	605,317	0
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$ 3,374,622</u>	<u>\$ 2,431,677</u>	<u>\$ 4,235,062</u>	<u>\$ 1,803,385</u>

See accompanying notes to the basic financial statements.

Green Local School District (Summit County)

Statement of Fund Net Assets

Proprietary Funds

June 30, 2008

	Governmental Activities - Internal Service Fund
Assets	
Current Assets:	
Equity in Pooled Cash and Cash Equivalents	<u>\$ 1,459,821</u>
<i>Total Assets</i>	<u>1,459,821</u>
Liabilities	
Current Liabilities:	
Claims Payable	<u>371,136</u>
<i>Total Current Liabilities</i>	371,136
Net Assets	
Unrestricted	<u>1,088,685</u>
<i>Total Net Assets</i>	<u><u>\$ 1,088,685</u></u>

See accompanying notes to the basic financial statements.

Green Local School District (Summit County)
Statement of Revenues, Expenses and Changes in Fund Net Assets
Proprietary Funds
For the Fiscal Year Ended June 30, 2008

	Governmental Activities - Internal Service Fund
<hr/>	
Operating Revenues:	
Charges for services	\$ 3,595,026
<i>Total Operating Revenues</i>	<u>3,595,026</u>
Operating Expenses:	
Purchased services	612,981
Materials and supplies	9,453
Claims	3,364,557
<i>Total Operating Expenses</i>	<u>3,986,991</u>
Operating income (loss)	<u>(391,965)</u>
Non-Operating Revenues (Expenses):	
Other Non-Operating Revenue	13,333
<i>Total Non-Operating Revenues (Expenses)</i>	<u>13,333</u>
<i>Change in Net Assets</i>	(378,632)
<i>Net Assets (Deficit) Beginning of Year</i>	<u>1,467,317</u>
<i>Net Assets (Deficit) End of Year</i>	<u>\$ 1,088,685</u>

See accompanying notes to the basic financial statements.

Green Local School District (Summit County)

Statement of Cash Flows

Proprietary Funds

For the Fiscal Year Ended June 30, 2008

	<u>Governmental Activities - Internal Service Fund</u>
Cash Flows From Operating Activities:	
Cash Received for Goods and Services	\$ 3,595,026
Cash Paid to Employees	(622,434)
Cash Paid for Claims	(3,342,655)
<i>Net Cash Provided By (Used For) Operating Activities</i>	<u>(370,063)</u>
Cash Flows From Non-Capital Financing Activities:	
Other Non-Operating Revenue	13,333
<i>Net Cash Provided By (Used For) Non-Capital Financing Activities</i>	<u>13,333</u>
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	(356,730)
<i>Cash and Cash Equivalents at Beginning of Year</i>	<u>1,816,551</u>
<i>Cash and Cash Equivalents at End of Year</i>	<u><u>\$ 1,459,821</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used For) Operating Activities:	
Operating Income (Loss)	\$ (391,965)
Adjustments:	
Increase (Decrease) in Liabilities	
Claims Payable	21,902
<i>Total Adjustments</i>	<u>21,902</u>
<i>Net Cash Provided By (Used For) Operating Activities</i>	<u><u>\$ (370,063)</u></u>

See accompanying notes to the basic financial statements.

Green Local School District (Summit County)

Statement of Fiduciary Assets and Liabilities

Fiduciary Funds

June 30, 2008

	<u>Agency</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 143,384
<i>Total Assets</i>	<u>\$ 143,384</u>
Liabilities	
Accounts Payable	\$ 6,550
Undistributed Monies	<u>136,834</u>
<i>Total Liabilities</i>	<u>\$ 143,384</u>

See accompanying notes to the basic financial statements.

Green Local School District (Summit County)

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2008

NOTE 1 – DESCRIPTION OF THE SCHOOL DISTRICT

The Green Local School District (the School District) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The School District operates under a locally-elected five-member board of education and provides educational services as mandated by state and/or federal agencies. This Board controls the School District's instructional/support facilities staffed by 244 noncertificated employees and 309 certificated full-time teaching personnel who provide services to 4,072 students and other community members.

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

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

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Implementation of New Accounting Policies

For the year ended 2008, the School District has implemented GASB Statement No. 45, "*Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*", GASB Statement No. 48, "*Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*", GASB Statement No. 49, "*Accounting and Financial Reporting for Pollution Remediation Obligations*", and GASB Statement No. 50, "*Pension Disclosures – an amendment of GASB Statements No. 25 and No. 27.*"

GASB Statement No. 45 provides guidance on all aspects of OPEB reporting by employers. This Statement establishes standards for the measurement, recognition, and display of OPEB expense/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information (RSI) in the financial reports of state and local governmental employers.

GASB Statement No. 48 provides guidance on accounting for sales and pledges of receivables and future revenues. The Statement also requires governments to disclose in the notes to the financial statements the amount of future revenues that have been pledged or sold.

Green Local School District (Summit County)

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2008

GASB Statement No. 49 provides guidance on how to calculate and report the costs and obligations associated with pollution cleanup efforts.

GASB Statement No. 50 more closely aligns the financial reporting requirements for pensions with those for other postemployment benefits (OPEB) and, in doing so, enhances information disclosed in notes to financial statements or presented as required supplementary information (RSI) by pension plans and by employers that provide pension benefits. The reporting changes required by this Statement amend applicable note disclosure and RSI requirements of GASB Statement No. 25, “*Financial Reporting for Defined Benefit Pension Plans and Note Disclosures for Defined Contribution Plans*”, and GASB Statement No. 27, “*Accounting for Pensions by State and Local Governmental Employers*”, to conform with requirements of GASB Statement No. 43, “*Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*”, and GASB Statement No. 45, “*Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*”.

Implementation of these GASB Statements did not affect the presentation of the financial statements of the School District.

A. Basis of Presentation

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

Government-wide Financial Statements The statement of net assets and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The activity of the internal service fund is eliminated to avoid “doubling up” revenue and expenses.

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

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

Green Local School District (Summit County)

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2008

B. Fund Accounting

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

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

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

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

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

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

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

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

C. Measurement Focus

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

Green Local School District (Summit County)

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2008

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

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

Fiduciary funds are reported using the economic resources management and are excluded from the government-wide financial statements.

D. Basis of Accounting

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

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

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

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

Green Local School District (Summit County)

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2008

Deferred Revenue Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2008, but which were levied to finance fiscal year 2009 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

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

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

E. Cash and Cash Equivalents

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

During fiscal year 2008, the School District had investments in STAROhio, (the State Treasurer's Investment Pool) and a repurchase agreement. See Note 6 for a full listing of the School District's investments. Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investments contracts such as overnight repurchase agreements are reported at cost.

STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 2008.

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

Following Ohio statutes, the Board of Education has, by resolutions, identified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2008 amounted to \$478,132, which included \$170,804 assigned from other School District funds.

Green Local School District (Summit County)

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008*

F. Restricted Assets

Assets are reported as restricted when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. Restricted assets include amounts required by statute to be set-aside for the purchase of textbooks and other instructional material, the acquisitions or construction of capital assets, and for budget stabilization. See Note 19 for additional information regarding set asides.

G. Capital Assets

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

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

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

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

H. Compensated Absences

The School District reports compensated absences in accordance with the provisions of GASB No. 16, "Accounting for Compensated Absences". Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. These amounts are recorded as "Vacation Benefits Payable" on the basic financial statements.

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

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

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

Green Local School District (Summit County)

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2008

I. Accrued Liabilities and Long-term Obligations

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

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

J. Net Assets

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

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

K. Fund Balance Reserves and Designations

The School District reserves and designates those portions of fund equity which are legally segregated for specific future use or which do not represent available expendable resources and therefore are not available for appropriations for expenditures. Unreserved fund balance indicates that portion of fund equity, which is available for appropriation in future periods. Fund balance reserves are established for encumbrances, property taxes, budget stabilization, and textbooks/instructional materials.

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriations under State statute. The reserve for budget stabilization represents money required to be set-aside by statute to protect against cyclical changes in revenues and expenditures.

L. Operating Revenues and Expenses

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

Green Local School District (Summit County)

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2008

M. Interfund Activity

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

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

N. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in the nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2008.

O. Estimates

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

P. Budgetary Data

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

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2008.

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

Green Local School District (Summit County)

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2008

Encumbrances As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. On the fund financial statements, encumbrances outstanding at year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds. A reserve for encumbrances is not reported on government-wide financial statements.

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

NOTE 3 – ACCOUNTABILITY

Restatement of Net Assets

During the compilation of the 2008 financial statements, it was noted the capital appreciation bonds were not being accreted for interest in prior years. These changes resulted in a restatement to beginning net assets as follows:

	Governmental Activities
Net Assets, at June 30, 2007	\$ 11,910,113
Adjustment to capital appreciation bonds	(1,361,502)
Restated Net Assets, at July 1, 2007	<u>\$ 10,548,611</u>

NOTE 4 – FUND DEFICITS

Fund balances at June 30, 2008 included the following individual fund deficits:

	Fund Balance
Nonmajor Governmental Funds:	
EMIS Fund	\$ 25,981
Poverty Based Assistance	5,934
Parent Mentor Grant	397
Title VI-B	34,884
Chapter I	28,870

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

Green Local School District (Summit County)

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2008

NOTE 5 – BUDGETARY BASIS OF ACCOUNTING

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

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Encumbrances are treated as expenditures (budget) rather than as a reservation of fund balance (GAAP).

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

Net Change in Fund Balance	
	<u>General</u>
GAAP Basis	\$ (1,955,169)
Net Adjustment for Revenue Accruals	208,261
Net Adjustment for Expenditure Accruals	281,215
Encumbrances (Budget Basis)	<u>(537,598)</u>
Budget Basis	<u><u>\$ (2,003,291)</u></u>

NOTE 6 – DEPOSITS AND INVESTMENTS

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

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

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

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

Green Local School District (Summit County)

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2008

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

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

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

Cash on Hand At year end, the School District had \$7,300 in undeposited cash on hand which is included on the balance sheet of the School District as part of equity in pooled cash and cash equivalents.

Deposits At fiscal year end, the carrying amount of the School District's deposits was (\$92,978). Based on criteria described in GASB 40, "Deposits and Investments Risk Disclosure", as of June 30, 2008, \$14,267 of the bank balance of \$114,267 was exposed to custodial credit risk, while \$100,000 was covered by FDIC.

Green Local School District (Summit County)

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2008*

Investments – Investments are reported at fair value. STAROhio is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form. Investments are reported at fair value. As of June 30, 2008, the School District had the following investments:

Rating by Standard & Poor's	Entity	Fair Value	Investment Maturities	Percentage of Total Investment
			6 Months or Less	
N/A	Repurchase agreement	\$ 7,845,000	\$ 7,845,000	83.44%
AAAm	STAROhio	<u>1,557,127</u>	<u>1,557,127</u>	<u>16.56%</u>
	Total	<u>\$ 9,402,127</u>	<u>\$ 9,402,127</u>	100.00%

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

Credit Risk – The School District’s investment credit ratings are summarized above. The Repurchase agreement is not rated by Standard & Poor’s or Moody’s Investor Services, because underlying securities are exempt.

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

NOTE 7 – PROPERTY TAXES

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

Property taxes include amounts levied against all real, public utility and tangible personal (used in business) property located within the School District. Real Property tax revenue received in calendar 2008 represents collections of calendar year 2007 taxes. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Assessed values for real property taxes are established by State law at 35% of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternative payment dates to be established.

Public utility property tax revenue received in calendar year 2008 represents collections of calendar year 2007 taxes. Public utility property taxes attached as a lien on December 31 of the prior year, were levied April 1 and are collected with real property taxes. All property is required to be revalued every six years. Public utility property taxes are assessed at 35% of true value and public utility tangible personal property currently is assessed at varying percentages of true value.

Green Local School District (Summit County)

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2008

Tangible personal property tax revenue received during calendar 2008 (other than public utility property) represents the collection of 2008 taxes. Tangible personal property taxes received in calendar year 2008 were levied after April 1, 2008 on the value as of December 31, 2007. For 2008, tangible personal property is assessed at 6.25 % of true value for property including inventory. This percentage will be reduced to zero for 2009. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

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

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

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property and public utility taxes, which became measurable as of year-end. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at year-end is intended to finance current year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations.

The amount available as an advance at year-end was \$1,301,292 in the general fund, \$235,970 in the bond retirement debt service fund, and \$124,376 in the capital project funds and is recognized as revenue on the fund financial statements.

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

The assessed values upon which the fiscal year 2008 taxes were collected are:

	2007 Second Half Collections		2008 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$ 663,627,290	94.36%	\$ 674,958,980	96.29%
Public Utility	210	0.00%	220	0.00%
Tangible Personal Property	39,633,945	5.64%	25,986,343	3.71%
	<u>\$ 703,261,445</u>	<u>100.00%</u>	<u>\$ 700,945,543</u>	<u>100.00%</u>

Green Local School District (Summit County)

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2008

NOTE 8 - RECEIVABLES

Receivables at June 30, 2008, consisted of taxes, accounts receivable, and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds.

Intergovernmental Receivables as of June 30, 2008:

Govenmental Activities:	
Parent Mentor	\$ 62,336
Title I	107,383
Title V	7,495
Drug-Free School	13,212
Early Childhood	10,004
Improving Teacher Quality	32,197
Title II D	7,248
Total Governmental Activities	<u>\$ 239,875</u>

NOTE 9 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2008, was as follows:

	<u>Balance 6/30/2007</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance 6/30/2008</u>
Governmental Activities				
<i>Capital Assets, not being depreciated:</i>				
Land	\$ 826,143	\$ 0	\$ 0	\$ 826,143
Total Capital Assets, not being depreciated	<u>826,143</u>	<u>0</u>	<u>0</u>	<u>826,143</u>
<i>Capital Assets, being depreciated:</i>				
Buildings and improvements	55,757,093	17,474	0	55,774,567
Furniture and equipment	3,195,847	387,227	0	3,583,074
Vehicles	2,058,891	187,827	0	2,246,718
Total Capital Assets, being depreciated	<u>61,011,831</u>	<u>592,528</u>	<u>0</u>	<u>61,604,359</u>
Less Accumulated Depreciation:				
Buildings and improvements	(13,760,781)	(1,487,818)	0	(15,248,599)
Furniture and equipment	(1,836,952)	(172,827)	0	(2,009,779)
Vehicles	(1,407,248)	(115,238)	0	(1,522,486)
Total Accumulated Depreciation	<u>(17,004,981)</u>	<u>(1,775,883)</u>	<u>0</u>	<u>(18,780,864)</u>
Total Capital Assets being depreciated, net	<u>44,006,850</u>	<u>(1,183,355)</u>	<u>0</u>	<u>42,823,495</u>
<i>Governmental Activities Capital Assets, Net</i>	<u>\$ 44,832,993</u>	<u>\$ (1,183,355)</u>	<u>\$ 0</u>	<u>\$ 43,649,638</u>

Green Local School District (Summit County)

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2008

Depreciation expense was charged to governmental functions as follows:

Regular Instruction	\$ 1,022,423
Special Instruction	10,520
Instructional staff	30,924
Administration	47,572
Fiscal	238
Operation and Maintenance	499,160
Pupil Transportation	118,849
Non-operational services	1,189
Food Services	<u>45,008</u>
Total Depreciation	<u><u>\$ 1,775,883</u></u>

NOTE 10 – RISK MANAGEMENT

A. Liability Insurance

The School District is exposed to various risks of loss related to torts; theft of, damage to or destruction of assets; errors and omissions; employee injuries; and, natural disasters. During fiscal year 2008, the School District contracted with Netherlands Insurance for property and inland marine, liability insurance, and fleet insurance. Insurance settlements have not exceeded insurance coverage in each of the past three years, nor has there been a significant reduction in coverage from the prior year.

Coverage provided by Netherlands is as follows:

Building and Contents-Replacement cost (\$1,000 deductible)	\$ 105,495,911
Inland Marine Coverage (\$1,500 deductible)	1,100,000
Boiler and Machinery (\$1,000 deductible)	1,100,000
Crime Insurance	150,000
Automobile Liability	1,000,000
Uninsured Motorists per accident	50,000
General Liability:	
Per Occurrence	3,000,000
Total Per Year	5,000,000
Commercial Liability	3,000,000

B. Fidelity Bonds

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

C. Workers' Compensation

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

Green Local School District (Summit County)

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2008

D. Employee Health Insurance

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

The claims liability of \$371,136 reported in the fund at June 30, 2008 is based on the requirements of Governmental Accounting Standards Board Statement No. 30, "Risk Financing Omnibus", which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The costs are to be based on the estimated ultimate cost of settling the claims using past experience adjusted for current trends and any other factors that would modify past experience. The claims liability is based on an estimate supplied by the School District's third party administrator. A summary of the fund's claims liability in fiscal years 2007 and 2008 is as follows:

	Balance Beginning of Year	Current Year Claims	Claims Payments	Balance End of Year
2007	\$ 129,194	\$ 3,303,541	\$ (3,083,501)	\$ 349,234
2008	\$ 349,234	\$ 3,364,557	\$ (3,342,655)	\$ 371,136

NOTE 11 – OTHER EMPLOYEE BENEFITS

Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the School District's termination policy.

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

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

Green Local School District (Summit County)

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2008

NOTE 12 – DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

The School District contributes to the School Employees Retirement System of Ohio (“SERS”), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement, disability and survivor benefits; annual cost-of-living adjustments; and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report 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 Forms and Publications.

Plan members are required to contribute 10% of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current rate is 14% of annual covered payroll. A portion of the School District’s contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2008, 9.16% of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS’ Retirement Board. The District’s contributions to SERS for the years ended June 30, 2008, 2007 and 2006 were \$544,924, \$459,784 and \$474,135, respectively; 40% has been contributed for fiscal year 2008 and 100% for the fiscal years 2007 and 2006. \$501,688 represents the unpaid contributions for fiscal year 2008, and is recorded as a liability within the respective funds.

B. State Teachers Retirement System

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

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB Plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to allocate their member contributions and employer contributions equal to 10.5% of earned compensation among various investment accounts. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the DB Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001 were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

Green Local School District (Summit County)

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2008

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

For the fiscal year ended June 30, 2008, plan members were required to contribute 10% of their annual covered salaries. The School District was required to contribute 14%; 13% was the portion used to fund pension obligations. For fiscal year 2007 (the latest information available), the portion used to fund pension obligations was also 13%. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employer contributions.

The School District's required contributions for pension obligations to the DB Plan for the fiscal years ended June 30, 2008, 2007 and 2006 were \$2,107,969, \$2,024,491 and \$1,920,770, respectively; 82% has been contributed for fiscal year 2008 and 100% for the fiscal years 2007 and 2006. Contributions to the DC and Combined Plans for fiscal year 2008 were \$26,684 made by the School District and \$59,914 made by the plan members.

NOTE 13 – POSTEMPLOYMENT BENEFITS

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

All STRS Ohio retirees who participated in the DB or Combined Plans and their dependents are eligible for health care coverage. The STRS Ohio Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. All benefit recipients pay a portion of the health care cost in the form of a monthly premium. Of the 14% employer contribution rate, 1% of covered payroll was allocated to post-employment health care for the years ended June 30, 2008, 2007 and 2006. The School District's contributions for fiscal years ended June 30, 2008, 2007 and 2006 were \$162,151, \$155,730 and \$147,752, respectively.

STRS Ohio pays health care benefits from the Health Care Stabilization Fund. At June 30, 2007 (the latest information available), the balance in the Fund was \$4.1 billion. For the fiscal year ended June 30, 2007, net health care costs paid by STRS Ohio were \$265,558,000 and STRS Ohio had 122,934 eligible benefit recipients.

Green Local School District (Summit County)

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2008

In addition to a cost-sharing multiple-employer defined benefit pension plan, SERS administers two postemployment benefit plans, the Medicare Part B Plan and the Health Care Plan. The Medicare 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 2007 was \$93.50; SERS' reimbursement to retirees was \$45.50. The Retirement Board, acting with the advice of the actuary, allocates a portion of the current employer contribution rate to the Medicare B Fund. For fiscal year 2007 (the latest information available), the actuarially required allocation was .68%. The School District's contributions for the year ended June 30, 2008 were \$39,263, which equaled the required contributions for the year.

ORC 3309.375 and 3309.69 permit SERS to offer health care benefits to eligible retirees and beneficiaries. SERS' Retirement Board reserves the right to change or discontinue any health plan or program. SERS offers several types of health plans from various vendors, including HMO's, PPO's 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 statutorily required benefits, the Retirement Board allocates the remainder of the employer 14% contribution to the Health Care Fund. At June 30, 2007, the health care allocation was 3.32%. The actuarially required contribution (ARC), as of the December 31, 2006 annual valuation (the latest information available), was 11.50% of covered payroll. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities of the plan over a period not to exceed thirty years. The School District's contributions for the years ended June 30, 2008, 2007 and 2006 were \$248,666, \$147,234 and \$151,830, respectively.

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 provide that no employer 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 2007 (the latest information available), the minimum compensation level was established at \$35,800.

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 Forms and Publications.

Green Local School District (Summit County)

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2008

NOTE 14- LONG TERM OBLIGATIONS

The beginning balances have been restated, due to accretion of the capital appreciation bonds being recalculated. The changes in the School District's long-term obligations during the year consist of the following:

	Restated Outstanding 6/30/2007	Additions	Reductions	Outstanding 6/30/2008	Amounts Due in One Year
Long Term Obligations:					
General Obligation Bonds					
Bus Bonds - 1999					
5.48%, 6/99 - 6/14	\$ 84,874	\$ 0	\$ 84,874	\$ 0	\$ 0
Bus Bonds - 2000					
6.31%, 5/00 - 5/15	96,668	0	96,668	0	0
Bus Bonds - 2001					
5.71%, 3/01 - 3/11	40,000	0	40,000	0	0
Bus Bonds - 2002					
5.22%, 3/02 - 3/12	50,000	0	50,000	0	0
Energy Conversation Imp Bonds					
4.98%, 1/99 - 1/14	25,516	0	25,516	0	0
Facilities Improvements (1994)					
5.906%, 4/94 - 12/19	14,410,001	0	0	14,410,001	0
Capital Appreciation Bonds	69,503	0	40,306	29,197	29,197
Accretion on CAB's	1,361,502	412,766	944,695	829,573	829,573
Total General Obligation Bonds	16,138,064	412,766	1,282,059	15,268,771	858,770
Learning Center Obligation					
Learning Center - 2005					
2% to 5%, 6/05 - 12/32	9,140,607	0	209,385	8,931,222	215,096
Total Long Term Obligations	25,278,671	412,766	1,491,444	24,199,993	1,073,866
Unearned Revenue	14,869,391	0	340,615	14,528,776	0
Compensated Absences	1,500,586	364,998	181,600	1,683,984	176,657
Capital Lease	652,407	0	652,407	0	0
Total Governmental Activities	42,301,055	777,764	2,666,066	40,412,753	1,250,523
Long-Term Liabilities	42,301,055	777,764	2,666,066	40,412,753	1,250,523

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

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

Green Local School District (Summit County)

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2008

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

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

Principal and interest requirements to retire general obligation bonds outstanding at June 30, 2008 are as follows:

Fiscal Year	General Obligation Bonds			Capital Appreciation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2009	\$ 215,096	\$ 1,084,543	\$ 1,299,639	\$ 29,197	\$ 1,005,803	\$ 1,035,000
2010	1,253,903	1,055,224	2,309,127	0	0	0
2011	1,308,420	1,001,280	2,309,700	0	0	0
2012	1,359,131	944,579	2,303,710	0	0	0
2013	1,416,745	883,643	2,300,388	0	0	0
2014 - 2018	8,145,293	3,347,869	11,493,162	0	0	0
2019 - 2023	4,883,888	1,516,627	6,400,515	0	0	0
2024 - 2028	2,097,658	926,597	3,024,255	0	0	0
2029 - 2033	2,661,089	345,485	3,006,574	0	0	0
	<u>\$ 23,341,223</u>	<u>\$ 11,105,847</u>	<u>\$ 34,447,070</u>	<u>\$ 29,197</u>	<u>\$ 1,005,803</u>	<u>\$ 1,035,000</u>

NOTE 15 – CAPITAL LEASES

Capital lease obligation relates to the School District's long term obligation for a stadium. This lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments amounted to \$673,274 for the fiscal year ended June 30, 2008. The carrying cost of the capital lease is \$3,000,000. As of June 30, 2008, the stadium lease has been paid in full.

NOTE 16 – INTERFUND TRANSACTIONS

The following is a summarized breakdown of the School District's transfers for fiscal year 2008:

Fund	Transfers	Transfers
	In	Out
General Fund	\$ 0	\$ 135,022
Nonmajor Governmental Funds	135,022	0
	<u>\$ 135,022</u>	<u>\$ 135,022</u>

Green Local School District (Summit County)

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2008

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

NOTE 17 – JOINTLY GOVERNED ORGANIZATIONS

Northeast Ohio Network for Educational Technology (NEOnet)

NEOnet is a jointly governed organization created as a regional council of governments made up of public districts and county boards of education from Summit, Medina and Portage Counties. The primary function of NEOnet is to provide data processing services to its member districts with the major emphasis being placed on accounting, inventory control and payroll services. Other areas of service provided by NEOnet include student scheduling, registration, grade reporting, and test scoring. Each member district pays an annual fee for the services provided by NEOnet. NEOnet is governed by a board of directors comprised of each Superintendent within the Organization. The Summit County Educational Service Center serves as the fiscal agent of the organization and receives funding from the State Department of Education. Each district has one vote in all matters and each member district's control over budgeting and financing of NEOnet is limited to its voting authority and any representation it may have on the board of directors. The continued existence of NEOnet is not dependent on the School District's continued participation and no equity interest exists. The School District made contributions in the amount of \$51,756 for fiscal year 2008.

Interval Opportunity School

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

NOTE 18 - CONTINGENCIES

Grants

The School District received financial assistance from Federal and State agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2008.

Litigation

The School District is party to legal proceedings. The School District is of the opinion that ultimate disposition of claims will not have a material effect, if any, on the financial condition of the School District.

Green Local School District (Summit County)

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2008

NOTE 19 – STATUTORY RESERVES

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

Effective April 10, 2001, Senate Bill 345 amended Ohio Revised Code 5705.29 effectively eliminating the requirement for the School District to establish and maintain a budget stabilization reserve. By resolution, the Board can eliminate the reserve in accordance with the Act. As of June 30, 2008 the Board has not acted on the Senate Bill.

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

	Budget Stabilization Reserve	Capital Improvement Reserve	Textbook Instructional Materials Reserve	Total
Set-Aside Cash Balance as of June 30, 2007	\$ 283,642	\$ 0	\$ 0	\$ 283,642
Set-Aside Carryover Balance as of June 30, 2007	0	0	273,437	273,437
Current Year Set-Aside Requirement	0	631,569	631,569	1,263,138
Qualifying Disbursements	0	(2,372,454)	(673,423)	(3,045,877)
Total	<u>\$ 283,642</u>	<u>\$ (1,740,885)</u>	<u>\$ 231,583</u>	<u>\$ (1,225,660)</u>
Cash Balance Carried Forward to FY 2009	<u>\$ 283,642</u>	<u>\$ 0</u>	<u>\$ 231,583</u>	<u>\$ 515,225</u>
Amount to be Restricted for Set-Asides				<u>\$ 515,225</u>
Total Restricted Assets				<u>\$ 515,225</u>

The School District had qualifying disbursements during the year that reduced the capital improvements set-asides below zero. However, this amount cannot be carried over to the next fiscal year.

During fiscal year 2002, the School District passed a resolution to designate a portion of the general fund balance as a “rainy day” reserve. As of June 30, 2008, this amount has accumulated to \$1,052,615. Of this balance, \$0 is reported on the balance sheet as a designated fund balance, based on generally accepted accounting principles, as a designation can only be reported up to the amount of unreserved fund balance. The general fund reports a negative unreserved, undesignated balance as of June 30, 2008.

Green Local School District (Summit County)

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2008

NOTE 20 – CONTRACTUAL COMMITMENTS

As of June 30, 2008, the School District had contractual purchase commitments for the following projects:

<u>Contractor</u>	<u>Purchase Commitments</u>	<u>Amount Paid As of 6/30/2008</u>	<u>Amounts Remaining On Contracts</u>
Vasco	\$ 315,400	\$ 0	\$ 315,400
S. A Comunale	162,852	0	162,852
Power City International	150,280	0	150,280

In May, 2008, the School District signed an agreement with the City of Green to collaborate on a building which will be used by the School District for administrative offices. As of June 30, 2008, the amount of the contract is not known.

NOTE 21 – SIGNIFICANT SUBSEQUENT EVENTS

On July 9, 2008, the Board approved a lease agreement with Hewlett Packard in the amount of \$840,000 for new technology equipment.



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

December 19, 2008

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

We have audited the financial statements of Green Local School District, Summit County, Ohio, as of and for the year ended June 30, 2008, and have issued our report thereon dated December 19, 2008. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

Green Local School District
Internal Control – Compliance Report

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we noted certain control deficiencies that we have reported to the management of Green Local School District in a separate letter dated December 19, 2008.

Compliance and Other Matters

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

We noted certain matters that we reported to the management of Green Local School District in a separate letter dated December 19, 2008.

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

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

December 19, 2008

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

Compliance

We have audited the compliance of Green Local School District, Summit County, Ohio, with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2008. Green Local School District's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Green Local School District's management. Our responsibility is to express an opinion on Green Local School District's compliance based on our audit.

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

In our opinion, Green Local School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

Green Local School District
Report on Compliance with Requirements Applicable to Each
Major Program and Internal Control Over Compliance in
Accordance with OMB Circular A-133

Internal Control Over Compliance

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

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by any entity's internal control.

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 that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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

Rea & Associates, Inc.

GREEN LOCAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS - CASH BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

Federal Grantor/ Pass Through Grantor/ Program Title	CFDA Number	Grant Year	Federal Receipts	Federal Disbursements
U. S. Department of Education				
(Passed through the Ohio Department of Education):				
Title I - FY08	84.010	2008	\$ 313,291	\$ 316,117
Title I - FY07	84.010	2007	40,206	58,588
Total Title I			<u>353,497</u>	<u>374,705</u>
<i>Special Education Cluster</i>				
IDEA-B - FY08	84.027	2008	837,697	810,995
IDEA-B - FY07	84.027	2007	0	35,381
Total IDEA-B			<u>837,697</u>	<u>846,376</u>
Early Childhood Special Education - FY08	84.173	2008	4,285	7,901
<i>Total Special Education Cluster</i>			<u>841,982</u>	<u>854,277</u>
Title IV-A Safe and Drug-Free Schools - FY08	84.186	2008	7,261	3,907
Title IV-A Safe and Drug-Free Schools - FY07	84.186	2007	801	396
Total Title IV-A			<u>8,062</u>	<u>4,303</u>
Title V Innovative Grants - FY08	84.298	2008	2,178	7,494
Title V Innovative Grants - FY07	84.298	2007	4,022	5,169
Total Title V			<u>6,200</u>	<u>12,663</u>
Title II-D Technology - FY08	84.318	2008	906	250
Title II-D Technology - FY07	84.318	2007	0	1,076
Total Title II-D			<u>906</u>	<u>1,326</u>
Title III LEP Grant	84.365	2008	1,153	0
Title II-A - FY08	84.367	2008	79,181	68,378
Title II-A - FY07	84.367	2007	16,815	24,900
Total Title II-A			<u>95,996</u>	<u>93,278</u>
Total U. S. Department of Education			<u>1,307,796</u>	<u>1,340,552</u>
U. S. Department of Defense				
Air Force ROTC Federal Funding (direct award)	12.xxx	2008	0	1,910
U. S. Department of Agriculture				
(Passed through the Ohio Department of Education):				
<i>Child Nutrition Cluster</i>				
Non-Cash Assistance (Food Distribution):				
National School Lunch Program (A) (B)	10.555	2008	54,182	54,182
Cash Assistance:				
National School Lunch Program FY08 (B)	10.555	2008	247,752	247,752
National School Lunch Program FY07 (B)	10.555	2007	33,358	33,358
Total National School Lunch Program			<u>335,292</u>	<u>335,292</u>
<i>Total Child Nutrition Cluster</i>			<u>335,292</u>	<u>335,292</u>
Total U. S. Department of Agriculture			<u>335,292</u>	<u>335,292</u>
Total Federal Assistance			<u>\$ 1,643,088</u>	<u>\$ 1,677,754</u>

- (A) Program regulations do not require the School District to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. This non-monetary assistance and related expenditures are reported in this schedule at the value of the commodities received as assessed by the U.S. Department of Agriculture (entitlement value).
- (B) Federal money commingled with state subsidy reimbursements. It is assumed federal moneys are expended first.

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2008**

1. SUMMARY OF AUDITOR'S RESULTS

A-133 Ref.
.505(d)

(d) (1) (i)	Type of Financial Statement Opinion	Unqualified
(d) (1) (ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
(d) (1) (ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d) (1) (iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
(d) (1) (iv)	Were there any material internal control weaknesses reported for major federal programs?	No
(d) (1) (iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d) (1) (v)	Type of Major Programs' Compliance Opinion	Unqualified
(d) (1) (vi)	Are there any reportable findings under Section 510(a) of Circular A-133?	No
(d) (1) (vii)	Major Programs (list): Child Nutrition Cluster Title I	CFDA # 10.555 84.010
(d) (1) (viii)	Dollar Threshold: Type A/B Programs	Type A: >\$300,000 Type B: All others
(d) (1) (ix)	Low Risk Auditee?	Yes

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

NONE

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

NONE



Mary Taylor, CPA
Auditor of State

GREEN LOCAL SCHOOL DISTRICT
SUMMIT COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
MARCH 3, 2009