

GREEN LOCAL SCHOOL DISTRICT
INDEPENDENT AUDITOR'S REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2008

Varney, Fink & Associates, Inc.
Certified Public Accountants



Mary Taylor, CPA
Auditor of State

Board of Education
Green Local School District
PO Box 438
Smithville, OH 44677

We have reviewed the *Independent Auditor's Report* of the Green Local School District, Wayne County, prepared by Varney, Fink & 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

March 31, 2009

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**GREEN LOCAL SCHOOL DISTRICT
INDEPENDENT AUDITOR'S REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2008**

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BASIC FINANCIAL STATEMENTS

INDEPENDENT AUDITOR'S REPORT

Green Local School District
P.O. Box 438
Smithville, Ohio 44667

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Green Local School District (the District), as of and for the fiscal year ended June 30, 2008, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the 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 District, as of June 30, 2008, and the respective changes in financial position thereof and the respective budgetary comparison for the General Fund for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 28, 2009, on our consideration of the District's internal control over financial reporting and on 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 on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

INDEPENDENT AUDITOR'S REPORT (continued)

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

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the 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 of the District. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Varney, Fink & Associates

VARNEY, FINK & ASSOCIATES, INC.
Certified Public Accountants

January 28, 2009

Green Local School District (Wayne County, Ohio)

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2008

(Unaudited)

The discussion and analysis of the 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 the School District's performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key Financial Highlights for 2008 are as follows:

- General Revenues accounted for \$10.5 million in revenue or 88% of all revenues. Program specific revenues in the form of charges for services and sales, and operating grants and contributions accounted for approximately \$1.4 million or 12% of total revenues of \$11.9 million.
- Total program expenses were \$10.9 million in Governmental Activities.
- In total, net assets of Governmental Activities increased \$1,056,081, which represents a 90.5% increase from 2007.
- Outstanding notes payable decreased from \$189,472 to \$167,328 through the payment of note principal.

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*, excluding fiduciary funds, using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

- Governmental Activities – All of the School District's programs and services are reported here, including instruction, support services, food service operation, uniform supplies, and extracurricular activities.

Green Local School District (Wayne County, Ohio)

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2008

(Unaudited)

Reporting the School District's Most Significant Funds

Fund Financial Statements

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 only major governmental fund is the general 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.

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
Assets		
Current and Other Assets	\$ 4,986,559	\$ 4,473,853
Capital Assets	2,787,961	2,747,358
Total Assets	<u>7,774,520</u>	<u>7,221,211</u>
Liabilities		
Long-Term Liabilities	1,008,764	1,172,181
Other Liabilities	4,543,011	4,882,366
Total Liabilities	<u>5,551,775</u>	<u>6,054,547</u>
Net Assets		
Invested in Capital		
Assets, Net of Debt	2,497,650	2,409,962
Restricted	313,773	269,498
Unrestricted (Deficit)	<u>(588,678)</u>	<u>(1,512,796)</u>
Total Net Assets	<u>\$ 2,222,745</u>	<u>\$ 1,166,664</u>

Green Local School District (Wayne County, Ohio)

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2008

(Unaudited)

Total net assets increased by \$1,056,081, primarily due to the reduction of expenditures, mainly in administration and operations and maintenance.

Total liabilities decreased by \$502,772, this decrease was caused primarily by a decrease in accounts payable, accrued wages/benefits and various compensated absences due to a reduction in expenditures.

Table 2 shows the changes in net assets for fiscal year 2008 and 2007. This will enable the reader to draw further conclusion about the School District's financial status and possible future outcomes.

(Table 2)
Changes in Net Assets

	Governmental Activities	
	2008	2007
Revenues		
<i>Program Revenues:</i>		
Charges for Services	\$ 862,185	\$ 917,310
Operating Grants	570,011	614,289
<i>General Revenue:</i>		
Property Taxes	4,095,193	3,921,937
Grants and Entitlements, not restricted	6,055,192	6,189,964
Other	377,083	179,957
<i>Total Revenues</i>	11,959,664	11,823,457
Program Expenses		
Instruction	6,550,598	6,787,218
Support Services	3,492,761	3,596,008
Extracurricular Activities	434,254	441,230
Interest and Fiscal Charges	21,204	26,422
Food Services	352,130	408,499
Uniform School Supplies	52,636	58,421
<i>Total Expenses</i>	10,903,583	11,317,798
Increase in Net Assets	\$ 1,056,081	\$ 505,659

Green Local School District (Wayne County, Ohio)

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2008

(Unaudited)

Governmental Activities

The School District has carefully planned its financial existence by forecasting its revenue and expenditures over the next five years. In November of 2005, the School District successfully passed an additional five year \$500,000 emergency levy. The School District has 37.65 mills in continuing operating levies reduced to 16.21 effective mills for Class I residential/agricultural real estate property.

Although the School District relies heavily upon state foundation revenue and local property taxes to support its operations, the School District does actively solicit and receive additional grant and entitlement funds to help offset some operating costs.

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 activity had total revenues of \$12.0 million and expenses of \$10.9 million.

(Table 3)
Governmental Activities

	2008		2007	
	Total Cost of Service	Net Cost of Service	Total Cost of Service	Net Cost of Service
Instruction	\$ 6,550,598	\$ (5,862,599)	\$ 6,787,218	\$ (6,047,973)
Support Services:				
Pupil and Instructional Staff	544,109	(389,465)	654,332	(540,170)
Board of Education, Administration, and Fiscal	1,067,579	(1,033,162)	1,539,447	(1,492,925)
Operation and Maintenance of Plant	996,012	(996,012)	653,771	(653,771)
Pupil Transportation and Central	885,061	(867,948)	748,458	(720,302)
Extracurricular Activities	434,254	(324,296)	441,230	(316,528)
Interest Charges	21,204	(21,204)	26,422	(26,422)
Food Service Operations	352,130	15,177	408,499	7,725
Uniform Supplies	52,636	8,122	58,421	4,167
Total	<u>\$ 10,903,583</u>	<u>\$ (9,471,387)</u>	<u>\$ 11,317,798</u>	<u>\$ (9,786,199)</u>

Property taxes made up 34.2% of total revenues for governmental activities for Green Local School District in fiscal year 2008. Program revenues for governmental activities provided 12.0% of governmental revenues with over 88% of all governmental activities supported through property taxes, grants and entitlements, and other general revenues. The 50.6% provided by the grants and entitlements portion of general revenues includes monies received from the Ohio Department of Education State Foundation Program, and property tax relief such as the homestead exemptions and rollbacks provided by HB920. The community, through its willingness to provide property tax revenues and educational support for students, is a strong supporter for Green Local School District students, but this low wealth district depends heavily on financial support from the State of Ohio through its basic per pupil and Parity Aide funding.

Green Local School District (Wayne County, Ohio)

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2008

(Unaudited)

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, there were minor amendments to the School District's total general fund budget. The School District uses site-based budgeting and the budgeting system which are designed to tightly control total site budgets but provide flexibility for site management.

For the general fund, final budgeted revenues and other financing sources were \$10.6 million, above original budget estimates of \$10.4 million. The actual revenues and other financing sources were \$10.4 million. No individual significant changes in the budget were identified.

General fund original appropriations and other financing uses of \$9.5 million were not significantly changed during the year. The actual budget basis expenditures and other financing uses for fiscal year 2008 totaled \$10.1 million. The actual expenditures were comparable to final budget expenditures.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2008, the School District had approximately \$2.8 million invested in land, land improvements, buildings and improvements, furniture and equipment, and vehicles. Table 4 shows fiscal year 2008 and 2007 balances net of depreciation.

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

	Governmental Activities	
	2008	2007
Land	\$ 66,992	\$ 66,992
Land Improvements	39,618	40,812
Buildings and Improvements	1,887,643	1,959,425
Furniture and Equipment	376,653	248,950
Vehicles	417,055	431,179
Totals	<u>\$ 2,787,961</u>	<u>\$ 2,747,358</u>

The \$40,603 increase in capital assets was attributable to additional purchases exceeding depreciation expense and disposals during the fiscal year. See Note 7 for additional information regarding capital assets.

Green Local School District (Wayne County, Ohio)
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2008
(Unaudited)

Debt

At June 30, 2008, the School District had \$167,328 in notes outstanding with \$23,472 due within one year. During fiscal year 2008, \$22,144 of notes were retired. Table 5 summarizes notes outstanding.

(Table 5)
Outstanding Debt, at June 30

	2008	2007
General Obligation Notes:		
Energy Conservation	\$ 167,328	\$ 189,472

The proceeds of the 1999 issuance of notes were utilized for HB 264 Energy Conservation projects including the replacement of high school boilers and lighting. See Note 13 for additional information regarding debt.

Current Issues

Green Local School District continues to maintain the highest standards of service to our students, parents and community. Our 2006-2007 report card from the State of Ohio has bestowed the rank of "EFFECTIVE" by virtue of obtaining 28 out of 30 proficiency indicators with a Performance Index Score of 96.9. It is a credit to our students, parents, teachers, and administrators who value the highest educational standards.

The School District is presented with challenges and opportunities. The Board of Education and administration closely monitor revenues and expenditures in accordance with the financial forecast. Revenue increased in FY07 due to full year collection on a new 5-year emergency levy in the amount of \$500,000 passed by local taxpayers in November, 2005. Also, during 2006-07 school year, the district changed health insurance consortium from Wayne County Schools Consortium to Portage Area Schools Consortium for the purpose of stability in future health insurance premiums.

Superintendent Larry Brown focused his first year on an action plan for cost containment. The board approved 15 cutbacks and authorized the Superintendent to negotiate additional cost containment measures to help reduce a \$300,000 budget deficit. The plan included minimal idling of buses, cutting technology purchases, limiting facility access, new facility rental rates, eliminating bus routes, implementing controlled electric and heat reductions, charging the athletic department and arts departments for a portion of supplemental contracts, reducing building budgets for the remainder of the year, reduction of overtime, and a reduction in force to reduce pupil/teacher ratios at all grade levels.

It is a challenge to continue programs that our community has come to expect. Our declining enrollment has, for the first time, put us on the guarantee for state funding. Therefore, Superintendent Brown is leading the district in strategic planning during 2007-08 with the help of the Santa Rita Collaborative represented by Steve Franko and Paul Pendleton. The Management Team will be made up of interested individuals from staff and community who will develop an Action Plan for Board of Education approval in the Spring of 2008.

Green Local School District (Wayne County, Ohio)

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

The School District has a history of local property tax support from its constituents. Since 1964, only 5 out of 34 ballot issues have failed in the Green Local School District (Wayne County). House Bill 920 prevents inflationary revenue growth in current levies as valuation increases, with the exception of inside millage and new construction. Thus, as a School District nearing the 20-mill floor and facing a leveling in State Foundation support, the Board of Education must now debate a request for new tax increases to maintain a constant level of service.

The School District's systems of budgeting and internal controls are well regarded. All of the 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 Judy Robinson, Treasurer of Green Local School District, Post Office Box 438, Smithville, OH 44677.

Green Local School District (Wayne County, Ohio)
Statement of Net Assets
June 30, 2008

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 1,010,958
Receivables:	
Taxes	3,924,962
Accounts	480
Intergovernmental	50,159
Nondepreciable Capital Assets	66,992
Depreciable Capital Assets (Net)	2,720,969
<i>Total Assets</i>	7,774,520
 Liabilities	
Accounts Payable	44,550
Accrued Wages and Benefits	776,029
Vacation Benefits Payable	33,233
Matured Compensated Absences Payable	42,881
Intergovernmental Payable	273,883
Deferred Revenue	3,372,435
Long Term Liabilities:	
Due Within One Year	141,883
Due In More Than One Year	866,881
<i>Total Liabilities</i>	5,551,775
 Net Assets	
Invested in Capital Assets, Net of Related Debt	2,497,650
Restricted for:	
Capital Projects	236,989
Other Purposes	76,784
Unrestricted	(588,678)
<i>Total Net Assets</i>	\$ 2,222,745

See accompanying notes and accountants' compilation report.

Green Local School District (Wayne County, Ohio)
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, Contributions and Interest	Governmental Activities
Governmental Activities				
Current:				
Instruction:				
Regular	\$ 4,918,034	\$ 439,475	\$ 42,000	\$ (4,436,559)
Special	836,456	0	202,924	(633,532)
Vocational	221,356	0	3,600	(217,756)
Adult Continuing	698	0	0	(698)
Other	574,054	0	0	(574,054)
Support Services:				
Pupils	297,020	0	72,830	(224,190)
Instructional Staff	247,089	0	81,814	(165,275)
Board of Education	65,026	8,280	0	(56,746)
Administration	684,493	0	26,137	(658,356)
Fiscal	318,024	0	0	(318,024)
Business	36	0	0	(36)
Operation and Maintenance of Plant	996,012	0	0	(996,012)
Pupil Transportation	597,639	0	4,486	(593,153)
Central	287,422	0	12,627	(274,795)
Food Service Operations	352,130	243,714	123,593	15,177
Uniform Supplies	52,636	60,758	0	8,122
Extracurricular Activities	434,254	109,958	0	(324,296)
Debt Service:				
Interest and Fiscal Charges	21,204	0	0	(21,204)
Total Governmental Activities	\$ 10,903,583	\$ 862,185	\$ 570,011	(9,471,387)
General Revenues				
Property Taxes Levied for:				
General Purposes				3,893,756
Capital Outlay				201,437
Grants and Entitlements not Restricted to Specific Programs				6,055,192
Investment Earnings				54,588
Miscellaneous				322,495
Total General Revenues				10,527,468
Change in Net Assets				1,056,081
Net Assets Beginning of Year				1,166,664
Net Assets End of Year				\$ 2,222,745

See accompanying notes and accountants' compilation report.

Green Local School District (Wayne County, Ohio)
Balance Sheet
Governmental Funds
June 30, 2008

	General	Other Governmental Funds	Total Governmental Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 595,042	\$ 415,916	\$ 1,010,958
Receivables:			
Taxes	3,734,466	190,496	3,924,962
Accounts	0	480	480
Interfund	14,547	0	14,547
Intergovernmental	0	50,159	50,159
<i>Total Assets</i>	<u>\$ 4,344,055</u>	<u>\$ 657,051</u>	<u>\$ 5,001,106</u>
Liabilities and Fund Balances			
Liabilities			
Accounts Payable	\$ 24,212	\$ 20,338	\$ 44,550
Accrued Wages and Benefits	750,512	25,517	776,029
Vacation Benefits Payable	33,233	0	33,233
Matured Compensated Absences Payable	42,881	0	42,881
Interfund Payable	0	14,547	14,547
Intergovernmental Payable	266,977	6,906	273,883
Deferred Revenue	3,268,399	174,061	3,442,460
<i>Total Liabilities</i>	<u>4,386,214</u>	<u>241,369</u>	<u>4,627,583</u>
Fund Balances			
Reserved for Encumbrances	32,602	85,936	118,538
Reserved for Tax Revenue Unavailable for Appropriation	466,067	23,933	490,000
Unreserved:			
Undesignated, Reported in:			
General Fund	(540,828)	0	(540,828)
Special Revenue Funds	0	169,782	169,782
Capital Projects Funds	0	136,031	136,031
<i>Total Fund Balances</i>	<u>(42,159)</u>	<u>415,682</u>	<u>373,523</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 4,344,055</u>	<u>\$ 657,051</u>	<u>\$ 5,001,106</u>

See accompanying notes and accountants' compilation report.

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

Total Governmental Fund Balances	\$	373,523
 <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.		2,787,961
Other long-term assets are not available to pay for current-period expenditures and therefore, are deferred in the funds.		
Grants	\$ 7,498	
Delinquent Property Taxes	<u>62,527</u>	70,025
Long-term liabilities, including notes payable, are not due and payable in the current period and therefore, are not reported in the funds.		
Notes Payable	(167,328)	
Capital Lease Payable	(122,983)	
Compensated Absences	<u>(718,453)</u>	<u>(1,008,764)</u>
Net Assets of Governmental Activities	\$	<u><u>2,222,745</u></u>

See accompanying notes and accountants' compilation report.

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

	General	Other Governmental Funds	Total Governmental Funds
Revenues:			
Taxes	\$ 3,920,137	\$ 203,347	\$ 4,123,484
Intergovernmental	6,023,984	615,203	6,639,187
Investment Income	54,271	317	54,588
Tuition and Fees	403,273	7,711	410,984
Extracurricular Activities	0	138,449	138,449
Charges for Services	0	312,752	312,752
Miscellaneous	86,166	213,910	300,076
<i>Total Revenues</i>	<u>10,487,831</u>	<u>1,491,689</u>	<u>11,979,520</u>
Expenditures:			
Current:			
Instruction:			
Regular	4,669,496	251,522	4,921,018
Special	648,647	215,162	863,809
Vocational	230,698	4,007	234,705
Other	574,619	0	574,619
Support Services:			
Pupils	227,101	71,825	298,926
Instructional Staff	162,373	82,302	244,675
Board of Education	57,076	7,950	65,026
Administration	767,665	26,517	794,182
Fiscal	320,324	3,573	323,897
Business	36	0	36
Operation and Maintenance of Plant	865,752	809	866,561
Pupil Transportation	581,213	5,157	586,370
Central	274,649	12,627	287,276
Food Service Operations	0	354,635	354,635
Uniform Supplies	0	52,636	52,636
Extracurricular Activities	280,747	160,629	441,376
Capital Outlay	2,686	126,881	129,567
Debt Service:			
Principal Retirement	56,012	37,850	93,862
Interest and Fiscal Charges	9,157	12,047	21,204
<i>Total Expenditures</i>	<u>9,728,251</u>	<u>1,426,129</u>	<u>11,154,380</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	759,580	65,560	825,140
Other Financing Sources (Uses):			
Inception of Capital Lease	69,196	0	69,196
<i>Total Financing Sources and (Uses)</i>	<u>69,196</u>	<u>0</u>	<u>69,196</u>
<i>Net Change in Fund Balance</i>	828,776	65,560	894,336
<i>Fund Balance (Deficit) at Beginning of Year</i>	<u>(870,935)</u>	<u>350,122</u>	<u>(520,813)</u>
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$ (42,159)</u>	<u>\$ 415,682</u>	<u>\$ 373,523</u>

See accompanying notes and accountants' compilation report.

Green Local School District (Wayne County, Ohio)
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	\$	894,336
 <i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
 Governmental funds report capital outlays as expenditures, however, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital assets additions exceeded depreciation in the current period.		
Capital Asset Additions	250,944	
Current Year Depreciation	<u>(193,993)</u>	56,951
 Net effect of transactions involving sale and disposal of capital assets (including trade-in or capitalized leases) are not reflected in the funds.		
		(16,348)
 Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Grants	(7,213)	
Delinquent Property Taxes	<u>(35,062)</u>	(42,275)
 Repayment of debt principal and capital leases is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		
Note Principal	22,144	
Capital Leases	<u>71,718</u>	93,862
 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.		
Inception of Capital Lease	(69,196)	
Long Term Liability Balance of Capital Lease Traded-In	22,419	
(Increase)/Decrease in Compensated Absences	<u>116,332</u>	<u>69,555</u>
 Change in Net Assets of Governmental Activities	 \$	 <u><u>1,056,081</u></u>

See accompanying notes and accountants' compilation report.

Green Local School District (Wayne 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		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 3,515,879	\$ 3,515,879	\$ 3,808,570	\$ 292,691
Intergovernmental	6,280,004	6,430,616	6,023,984	(406,632)
Investment Income	56,578	57,934	54,271	(3,663)
Tuition and Fees	427,710	437,967	410,273	(27,694)
Miscellaneous	90,276	92,441	86,596	(5,845)
<i>Total Revenues</i>	<u>10,370,447</u>	<u>10,534,837</u>	<u>10,383,694</u>	<u>(151,143)</u>
Expenditures:				
Current				
Instruction	5,793,942	6,270,638	6,177,844	92,794
Support Services:				
Pupils	208,393	225,539	222,211	3,328
Instructional Staff	240,976	260,109	247,965	12,144
Board of Education	53,483	57,883	57,029	854
Administration	925,289	1,001,420	986,642	14,778
Fiscal	318,871	345,107	340,014	5,093
Operation and Maintenance of Plant	812,986	878,743	852,202	26,541
Pupil Transportation	609,162	659,175	648,152	11,023
Central	257,564	278,756	274,642	4,114
Extracurricular Activities	265,261	287,087	282,850	4,237
Capital Outlay	2,519	2,726	2,686	40
<i>Total Expenditures</i>	<u>9,488,446</u>	<u>10,267,183</u>	<u>10,092,237</u>	<u>174,946</u>
Excess of Revenues Over (Under) Expenditures	882,001	267,654	291,457	23,803
Other Financing Sources (Uses):				
Proceeds from Sale of Assets	219	224	210	(14)
Refund of Prior Year Expenditures	3,825	3,917	3,669	(248)
Advances In	21,308	21,819	20,439	(1,380)
Advances Out	(15,340)	(16,602)	(16,357)	245
<i>Total Other Financing Sources (Uses)</i>	<u>10,012</u>	<u>9,358</u>	<u>7,961</u>	<u>(1,397)</u>
<i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>	892,013	277,012	299,418	22,406
<i>Fund Balance (Deficit) at Beginning of Year</i>	218,968	218,968	218,968	0
Prior Year Encumbrances Appropriated	23,785	23,785	23,785	0
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$ 1,134,766</u>	<u>\$ 519,765</u>	<u>\$ 542,171</u>	<u>\$ 22,406</u>

See accompanying notes and accountants' compilation report.

Green Local School District (Wayne County, Ohio)
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2008

	<u>Agency</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 54,970
Accounts Receivable	180
<i>Total Assets</i>	<u>\$ 55,150</u>
Liabilities	
Undistributed Monies	\$ 55,150
<i>Total Liabilities</i>	<u>\$ 55,150</u>

See accompanying notes and accountants' compilation report.

Green Local School District (Wayne County, Ohio)

*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 is a local district as defined by Section 3311.03 of the Ohio Revised Code. The School District operates under a locally-elected five member board form of government and provides educational services as authorized and mandated by state and federal agencies. Average daily membership on, or as of, October 1, 2007, was 1,274. The School District employs 94 certificated and 51 non-certificated employees.

Reporting Entity

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

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

Management believes the financial statements included in the report represent all of the funds of the School District over which the School District has the ability to exercise direct 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 (FASB) Statements and Interpretations issued on or before November 30, 1989, to its governmental type activities 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", and GASB Statement No. 50, "Pension Disclosures – an amendment of GASB Statements No. 25 and No. 27."

Green Local School District (Wayne County, Ohio)

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

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.

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 effect of interfund activity within governmental type activities columns has been removed from these statements.

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.

Green Local School District (Wayne County, Ohio)

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2008

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. Fiduciary funds are reported by type.

B. Fund Accounting

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

Governmental Funds Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses 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 is the School District's major governmental fund:

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.

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

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 all liabilities associated with the operation of the School District are included on the statement of net assets.

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

Green Local School District (Wayne County, Ohio)

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2008

Fiduciary funds are reported using the economic resources measurement focus 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. Fiduciary funds 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.

Nonexchange 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 6). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

Deferred Revenue Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 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, Contributions, and Interest" program revenue account.

Green Local School District (Wayne County, Ohio)

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

Under the modified accrual basis, 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, cash received by the School District is pooled. Monies for all 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 financial statements.

During fiscal year 2008, investments were limited to State Treasury Asset Reserve of Ohio (STAROhio). See Note 5 for a full listing of the School District's investments.

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 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 resolution, identified the funds to receive an allocation of interest. Interest revenue credited to the general fund during fiscal year 2008 amounted to \$54,271, which includes \$25,821 assigned from other School District funds.

F. Restricted Assets

Assets are reported as restricted when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. Restricted assets include amounts required by statute to be set aside for the purchase of textbooks and capital improvements. See Note 18 for additional information regarding set-asides.

G. Capital Assets

General capital assets are those assets resulting from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements.

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

Green Local School District (Wayne County, Ohio)

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2008

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

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	15 Years
Buildings and Improvements	10 - 50 Years
Furniture and Equipment	5 - 20 Years
Vehicles	10 -15 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" in the basic financial statements.

Sick leave benefits are accrued as a liability using the termination 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 School District's past experience of making termination payments.

For the governmental fund financial statements, compensated absences are recognized as liabilities and expenditures to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "Matured Compensated Absences Payable" in the fund from which the employees who have accumulated leave are paid.

I. Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide 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 the 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 instruction of students and extracurricular activities.

Green Local School District (Wayne County, Ohio)

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2008

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

The School District reserves 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 and property taxes. The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriations under State statute.

L. 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 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. Repayments from funds responsible for particular expenditures 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.

M. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in 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 2008.

N. 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.

O. 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.

Green Local School District (Wayne County, Ohio)

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

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.

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 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 and Compliance

A. Accountability

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

	<u>Fund Balance</u>
General Fund	\$ 42,159
Nonmajor Governmental Funds:	
Food Services	1,668
Management Information Systems	9
Agricultural Education	7
Miscellaneous State Grants	2,178
IDEA - B	5,437

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

Green Local School District (Wayne County, Ohio)

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

Note 4 – 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 and described above 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 and emergency levy.

Net Change in Fund Balance

	<u>General</u>
GAAP Basis	\$ 828,776
Net Adjustment for Revenue Accruals	(149,014)
Net Adjustment for Expenditure Accruals	(327,474)
Adjustment for Encumbrances	(52,870)
Budget Basis	<u>\$ 299,418</u>

Note 5 – 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 two-year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Green Local School District (Wayne County, Ohio)

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2008

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:

1. United States Treasury bills, notes, bonds, or any other obligations 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 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 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 item (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 bankers' acceptances and commercial paper notes in an amount not to exceed 25 % of the interim moneys available for investment at any one time; and
8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of 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, and per School District policy, financial institutions must collateralize all uninsured public deposits. The face value of the pooled collateral must equal at least 105% public funds deposited. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions.

Green Local School District (Wayne County, Ohio)

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

Deposits - At fiscal year-end, the carrying amount of the School District's deposits was \$506,498 and the bank balance was \$787,433. The School District also has \$25 in petty cash funds. Of the bank balance:

1. \$200,000 was covered by federal depository insurance.
2. \$587,433 was uninsured and uncollateralized. Although the securities serving as collateral were held by the pledging institution in the pledging institution's name, and all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the District to a successful claim by the FDIC.

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. As of June 30, 2008, the School District had the following investments and maturity:

<u>Rating by Standard and Poor</u>	<u>Entity</u>	<u>Fair Value</u>	<u>Investment Maturities in months (0-6)</u>	<u>Percentage of Total Investment</u>
AAAm	STAROhio	\$ 559,405	\$ 559,405	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.

Concentration of Credit Risk –The School District places no limit on the amount the School District may invest in any one issuer. During the year, the School District's only investment was in STAROhio.

Note 6 - 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 (Wayne County, Ohio)

*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 2009 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 5.435 % 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 Wayne County. The 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 \$466,067 in the general fund and \$23,933 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 current fiscal year taxes were collected are:

	2007 First		2008 First	
	Half Collections		Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/Residential and Other Real Estate	\$ 118,200,460	93.78%	\$ 120,909,020	95.23%
Public Utility	70,870	0.06%	90,680	0.07%
Tangible Personal Property	<u>7,761,630</u>	<u>6.16%</u>	<u>5,972,630</u>	<u>4.70%</u>
	<u>\$ 126,032,960</u>	<u>100.00%</u>	<u>\$ 126,972,330</u>	<u>100.00%</u>

Green Local School District (Wayne County, Ohio)

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2008

Note 7 - Receivables

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

Intergovernmental receivables as of June 30, 2008:

IDEA-B	\$ 9,328
Title I	36,565
Drug Free School Grants	3,539
Title II-A	<u>727</u>
	<u><u>\$ 50,159</u></u>

Note 8 – Capital Assets

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

	<u>Balance</u> <u>6/30/07</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> <u>6/30/08</u>
Governmental Activities				
<i>Capital Assets, not being depreciated:</i>				
Land	\$ 66,992	\$ 0	\$ 0	\$ 66,992
<i>Capital Assets, being depreciated:</i>				
Land Improvements	378,022	0	0	378,022
Buildings and Improvements	3,760,353	0	0	3,760,353
Furniture and Equipment	1,319,892	183,044	(58,674)	1,444,262
Vehicles	908,903	67,900	(33,000)	943,803
Total Capital Assets, being depreciated	<u>6,367,170</u>	<u>250,944</u>	<u>(91,674)</u>	<u>6,526,440</u>
Less Accumulated Depreciation:				
Land Improvements	(337,210)	(1,194)	0	(338,404)
Buildings and Improvements	(1,800,928)	(71,782)	0	(1,872,710)
Furniture and Equipment	(1,070,942)	(38,993)	42,326	(1,067,609)
Vehicles	(477,724)	(82,024)	33,000	(526,748)
Total Accumulated Depreciation	<u>(3,686,804)</u>	<u>(193,993)</u>	<u>75,326</u>	<u>(3,805,471)</u>
Total Capital Assets being depreciated, net	<u>2,680,366</u>	<u>56,951</u>	<u>(16,348)</u>	<u>2,720,969</u>
Governmental Activities Capital Assets, Net	<u>\$ 2,747,358</u>	<u>\$ 56,951</u>	<u>\$ (16,348)</u>	<u>\$ 2,787,961</u>

Green Local School District (Wayne County, Ohio)

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

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 71,561
Special	544
Vocational	1,522
Support Services:	
Pupils	1,462
Instructional Staff	1,838
Administration	14,998
Fiscal	506
Operation and Maintenance of Plant	14,476
Pupil Transportation	82,025
Central	146
Extracurricular Activities	3,732
Food Service Operations	1,183
	<u>\$ 193,993</u>

Note 9 Risk Management

A. Property and Liability

The School District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The School District has a comprehensive property and casualty policy with Selective Insurance Company. The deductible is \$1,000 per incident on property and equipment. All vehicles are also insured with the Selective Insurance Company and have a \$500 deductible. All board members, administrators, and employees are covered under a school district liability policy with the Selective Insurance Company. The limits of this coverage are \$2,000,000 per occurrence and \$4,000,000 per aggregate. Settled claims have not exceeded this commercial coverage in any of the past three years. All the board members and the superintendent have a \$20,000 position bond with the Travelers Casualty and Surety Company of America.

The treasurer is covered under a surety bond in the amount of \$20,000. This bond is provided by the Travelers Casualty and Surety Company of America.

B. Workers' Compensation

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

Green Local School District (Wayne County, Ohio)

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

C. Employee Medical Benefits

During the year, the School District joined the Portage Area School Consortium (the Consortium) for health insurance for the School District's employees. The Consortium was established in 1981 so that member educational-service providers in Portage County and others outside the county could manage risk exposures and purchase necessary insurance coverages as a group. The Consortium is organized into two distinct entities to facilitate its risk management operations. The Property and Casualty Insurance Pool functions to manage the member districts' physical property and liability risks. The Health and Welfare Trust is to facilitate the management of risks associated with providing employee benefits, coverages such as health and accident insurance, disability insurance and life insurance. The School District participates in the Health and Welfare Trust. The Consortium retains a third-party administrator to facilitate the operation of the Health and Welfare Trust.

The School District pays all insurance premiums directly to the Consortium. Although the School District recognizes that it retains a contingent liability to provide insurance coverages should the assets of the Consortium become depleted, it is the opinion of management that the assets of the Consortium are sufficient to meet its claims.

Note 10 - 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 School District's contributions to pension obligations for the years ended June 30, 2008, 2007 and 2006 were \$119,250, \$148,729 and \$129,528, respectively; 38% has been contributed for fiscal year 2008 and 100% for the fiscal years 2007 and 2006. \$113,798 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.

Green Local School District (Wayne County, Ohio)

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

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.

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 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 \$621,239, \$647,258 and \$663,832, respectively; 83% 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 2007 were \$2,665 made by the School District and \$19,765 made by the plan members.

Note 11 - 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 \$47,788, \$49,789 and \$51,064, respectively.

Green Local School District (Wayne County, Ohio)

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2008

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.

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 \$8,592, 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 \$54,418, \$47,627 and \$41,485, 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 (Wayne County, Ohio)

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

Note 12 – Other Employee Benefits

A. Life Insurance

The School District provides term life insurance to employees through Fort Dearborn Life Insurance Company in the amount of \$35,000 for all eligible employees, the treasurer has \$50,000 in coverage, and the superintendent has \$200,000 in coverage. Employees with less than an average 25-hour work week are eligible for \$17,000 term life insurance. Term life insurance is provided at a rate of \$.17/\$1,000/month.

B. Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees and administrators, who are contracted to work no less than 12 months, earn 10 to 20 days of vacation per year depending upon length of service. Teachers and Administrators who work less than 12 months do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at a rate of one and one-quarter days per month cumulated to a limit of 250 days. Upon retirement, certified and classified employees with 10 years or more of service to the School District may receive severance for 25% of accrued and unused sick leave.

Note 13 - Long - Term Obligations

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

	Outstanding 6/30/2007	Additions	Reductions	Outstanding 6/30/2008	Due in One Year
Governmental Activities:					
Notes Payable:					
HB264 Energy Conservation-5.75%	\$ 189,472	\$ 0	\$ 22,144	\$ 167,328	\$ 23,472
Total Notes Payable	<u>189,472</u>	<u>0</u>	<u>22,144</u>	<u>167,328</u>	<u>23,472</u>
Compensated Absences	834,785	50,000	166,332	718,453	54,087
Capital Leases	<u>147,924</u>	<u>69,196</u>	<u>94,137</u>	<u>122,983</u>	<u>64,324</u>
Total Governmental Activities					
Long-Term Liabilities	<u>\$ 1,172,181</u>	<u>\$ 119,196</u>	<u>\$ 282,613</u>	<u>\$ 1,008,764</u>	<u>\$ 141,883</u>

Notes payable will be paid from the debt service fund. Compensated absences will be paid from the general fund and respective funds. Capital leases will be paid from the general fund and the capital improvement funds.

In 1999, the School District issued an Energy Conservation Note in the amount of \$324,301 at an interest rate of 5.75%. The note was used to pay the costs of installations, modifications and remodeling of school buildings to conserve energy.

Green Local School District (Wayne County, Ohio)

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2008

In fiscal year 2008, the School District entered into a new lease agreement for copier equipment. As part of this agreement, the District was able to write-off the remaining debt of their previous copier lease of \$22,419.

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

Fiscal Year Ending June 30,	Notes Payable		Total
	Principal	Interest	
2009	\$ 23,472	\$ 9,123	\$ 32,595
2010	24,851	7,744	32,595
2011	26,310	6,284	32,594
2012	27,845	4,750	32,595
2013	29,493	3,102	32,595
2014 - 2015	35,357	1,429	36,786
Total	<u>\$ 167,328</u>	<u>\$ 32,432</u>	<u>\$ 199,760</u>

Note 14 – Capitalized Leases

Capital lease obligations relate to copier equipment, roof repairs, and vehicles which are leased under long-term agreements. Each lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standard No. 13 "Accounting for Leases". Capital lease payments in the governmental funds have been reclassified and are reflected as debt service in the basic financial statements for the general fund and capital improvement fund. These expenditures are reflected as program/function expenditures on a budgetary basis. The capitalized cost of the capital lease assets are \$69,196 for copiers, \$77,000 for roof repairs, and \$223,248 for buses.

The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2008.

Year	Amount
2009	\$ 77,916
2010	26,703
2011	18,052
2012	18,052
2013	6,024
	<u>146,747</u>
Less amount representing interest	19,496
Present Value of Minimum Lease Payments	<u>\$ 127,251</u>

Note 15 - Interfund Transactions

The account balances by fund of "Interfund Receivable" and "Interfund Payable" as of June 30, 2008, are as follows:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 14,547	\$ 0
Other Governmental Funds	0	14,547
	<u>\$ 14,547</u>	<u>\$ 14,547</u>

Green Local School District (Wayne County, Ohio)

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2008

Interfund receivables and payables may result from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, or (3) payments between funds are made. As of June 30, 2008, all interfund payables outstanding are anticipated to be repaid in fiscal year 2009.

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. There were no transfers in the fiscal year.

Note 16 - Jointly Governed Organizations

A. Tri-County Computer Services Association (TCCSA)

The Tri-County Computer Services Association (TCCSA) is a jointly governed organization comprised of 22 school districts. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions for member districts. Each of the governments of these districts supports TCCSA based upon a per pupil charge dependent upon the software package utilized. The TCCSA council of governments consists of a superintendent or designated representative from each participating district and a representative from the fiscal agent. TCCSA is governed by an executive committee chosen from the general membership of the TCCSA council of governments. The executive committee consists of a representative from the fiscal agent, the chairman of each operating committee, and at least an assembly member from each county from which participating districts are located. Financial information can be obtained by contacting the Treasurer at the Ashland - Wayne County Education Services Center, which serves as fiscal agent, located at 2534 Burbank Road, Wooster, Ohio 44691. During the year ended June 30, 2008, the School District paid approximately \$61,007 to TCCSA for basic service charges.

B. Portage County School Consortium (the Consortium)

The School District is a member of the Portage County School Consortium, an insurance group-purchasing consortium made up of member districts inside and outside of Portage County. All member districts pay an insurance premium directly to the Consortium. Although the School District does not participate in the day-to-day management of the Consortium, one of its administrators serves as a trustee of the Consortium's governing board as provided in the consortium's enabling authority.

Note 17 - Contingencies

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and a condition 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 year end.

Green Local School District (Wayne County, Ohio)

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

Note 18 - Set-Asides

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

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

	Capital Improvement Reserve	Textbook Instructional Materials Reserve
	<u> </u>	<u> </u>
Set-Aside Carryover Balance as of June 30, 2007	\$ 0	\$ (115,576)
Current Year Set-Aside Requirement	195,797	195,797
Qualifying Disbursements	(189,560)	(251,355)
Totals	<u>\$ 6,237</u>	<u>\$ (171,134)</u>
Cash Balance Carried Forward FY 2009	<u>\$ 0</u>	<u>\$ (171,134)</u>
Amount to be Restricted for Set-Asides		<u>\$ 0</u>
Amount to Set-Aside		<u>\$ 0</u>

The School District had qualifying disbursements during the year that reduced the textbook reserve set-asides below zero. These extra amounts may be used to reduce the set-aside requirement in future fiscal years.

**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***

Green Local School District
P.O. Box 438
Smithville, Ohio 44667

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Green Local School District (the District), as of and for the fiscal year ended June 30, 2008, which collectively comprise the District's basic financial statements and have issued our report thereon dated January 28, 2009. 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 the District's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the 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 District'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 District's financial statements that is more than inconsequential will not be prevented or detected by the District'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 District's internal control.

Our consideration of the 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 the internal control that might be significant deficiencies and, accordingly, would not necessarily

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* (continued)

disclose all significant deficiencies that are also considered to be material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

Compliance and Other Matters

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

We noted certain matters that we reported to management of the District in a separate letter dated January 28, 2009.

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

Varney, Fink & Associates

VARNEY, FINK & ASSOCIATES, INC.
Certified Public Accountants

January 28, 2009

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

Green Local School District
P.O. Box 438
Smithville, Ohio 44667

To the Board of Education:

Compliance

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

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

In our opinion, the 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.

Internal control Over Compliance

The management of the District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal

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

control over compliance with the 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 the Districts 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 the District'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 and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Varney, Fink & Associates

VARNEY, FINK & ASSOCIATES, INC.
Certified Public Accountants

January 28, 2009

**Green Local School District
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2008**

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Program Year	Receipts	Disbursements
<u>U.S. Department of Agriculture</u>				
<i>Passed Through Ohio Department of Education:</i>				
Child Nutrition Cluster:				
National School Lunch Program	10.555	---	\$102,608	\$102,608
Special Milk Program for Children	10.556	---	1,449	1,449
Total National School Lunch Program			104,057	104,057
Food Donation	10.550	---	36,657	36,657
Total U.S. Department of Agriculture			140,714	140,714
<u>U.S. Department of Education</u>				
<i>Passed Through Ohio Department of Education:</i>				
Title I Grants to Local Educational Agencies	84.010	2007	9,110	22,012
Title I Grants to Local Educational Agencies	84.010	2008	60,228	70,074
Total Title I Grants to Local Educational Agencies			69,338	92,086
Special Education Cluster:				
Special Education - Grants to States	84.027	2007	0	6,533
Special Education - Grants to States	84.027	2008	271,686	265,925
Total Special Education - Grants to States			271,686	272,458
Safe and Drug-Free Schools and Communities - State Grants	84.186	2008	3,539	3,328
State Grants for Innovative Programs	84.298	2008	2,846	2,725
Education Technology State Grants	84.318	2008	836	836
Improving Teacher Quality State Grant	84.367	2007	4,158	4,158
Improving Teacher Quality State Grant	84.367	2008	42,949	32,445
Total Improving Teacher Quality State Grant			47,107	36,603
Total U.S. Department of Education			395,352	408,036
Total Federal Assistance			\$536,066	\$548,750

The notes to this Schedule are an integral part of this Schedule.

GREEN LOCAL SCHOOL DISTRICT

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2008

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Federal Awards is a summary of the activity of the District’s federal award programs. The Schedule has been prepared on the cash basis of accounting. The information in the Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

NOTE B – CHILD NUTRITION CLUSTER

Program regulations do not require the District to maintain separate inventory records for purchased foods and food received from the U.S. Department of Agriculture. This non-monetary assistance (expenditures) is reported in the Schedule at the fair market value of commodities received.

Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first.

NOTE C – TRANSFERS

The School District generally must spend Federal assistance within 15 months of receipt (fund must be obligated by June 30th and spent by September 30th). However, with ODE’s approval, a District can transfer unspent Federal assistance to the succeeding year, thus allowing the School District a total of 27 months to spent the assistance. Schools can document this by using special cost centers for each year’s activity, and transferring the amounts ODE approves between the cost centers. During Fiscal year 2008, the Ohio Department of Education (ODE) authorized the following transfers:

CFDA Number	Program Title	Award Year	Transfers Out	Transfers In
84.010	Title I Grants to Local Educational Agencies	2007	\$14,189	\$0
84.010	Title I Grants to Local Educational Agencies	2008	0	14,189
			<u>\$14,189</u>	<u>\$14,189</u>

GREEN LOCAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 §505

FOR THE FISCAL YEAR ENDED JUNE 30, 2008

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of auditor's report issued on the basic financial statements	Unqualified Opinion
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the basic financial statement level?	No
(d)(1)(ii)	Were there any other significant deficiencies in internal control reported at the basic financial statement level?	No
(d)(1)(iii)	Was there any material noncompliance reported at the basic financial statement level?	No
(d)(1)(iv)	Were there any material weaknesses in internal control over major programs reported?	No
(d)(1)(iv)	Were there any other significant deficiencies in internal control over major programs reported?	No
(d)(1)(v)	Type of auditor's report issued on compliance for major programs	Unqualified Opinion
(d)(1)(vi)	Were there any reportable audit findings under §510?	No

GREEN LOCAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 §505
FOR THE FISCAL YEAR ENDED JUNE 30, 2008
(CONTINUED)

(d)(1)(vii)	Major Program:	Special Education - Grants to States, CFDA #84.027; State Grants for Innovative Programs, CFDA #84.298
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

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

None

3. FINDINGS FOR FEDERAL AWARDS

None

**GREEN LOCAL SCHOOL DISTRICT
WAYNE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2008**

Finding Number	Finding Summary	Fully Corrected?	Not corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2007-01	Section 5705.41(D) Ohio Revised Code, Certification of fiscal officer prior to incurring the obligation.	Yes	Corrected.
2007-02	Prior year tuition costs charged to current year program.	No	Not corrected. Teacher aid costs of \$1,231 incurred prior to funding period start date were charged to the program. District will monitor future expenditures to make sure costs were incurred during grant period.



Mary Taylor, CPA
Auditor of State

GREEN LOCAL SCHOOL DISTRICT
WAYNE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
APRIL 14, 2009