



**EVERGREEN LOCAL SCHOOL DISTRICT
FULTON COUNTY**

REGULAR AUDIT

FOR THE YEAR ENDED JUNE 30, 2009



Mary Taylor, CPA
Auditor of State

**EVERGREEN LOCAL SCHOOL DISTRICT
FULTON COUNTY**

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

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 Evergreen Local School District, Fulton County, Ohio (the School District), as of and for the year ended June 30, 2009, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 our audit provides a reasonable basis for our opinions.

Ohio Administrative Code § 117-2-03 (B) requires the School District to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. However, as discussed in Note 1, the accompanying financial statements and notes follow the cash accounting basis. This is a comprehensive accounting basis other than generally accepted accounting principles. The accompanying financial statements and notes omit assets, liabilities, fund equities, and disclosures that, while material, we cannot determine at this time.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Evergreen Local School District, Fulton County, Ohio, as of June 30, 2009, and the respective changes in cash financial position and the budgetary comparison for the General Fund thereof for the year then ended in conformity with the basis of accounting Note 1 describes.

One Government Center / Suite 1420 / Toledo, OH 43604-2246
Telephone: (419) 245-2811 (800) 443-9276 Fax: (419) 245-2484
www.auditor.state.oh.us

In accordance with *Government Auditing Standards*, we have also issued our report dated January 13, 2010, on our consideration of the Government's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's discussion and analysis is not a required part of the basic financial statements but is supplementary information the Governmental Accounting Standards Board requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

A handwritten signature in black ink that reads "Mary Taylor". The signature is written in a cursive, flowing style.

Mary Taylor, CPA
Auditor of State

January 13, 2010

**EVERGREEN LOCAL SCHOOL DISTRICT
FULTON COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
UNAUDITED**

The discussion and analysis of the Evergreen Local School District's (the School District) financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2009. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2009 are as follows:

- In total, net assets increased by \$721,738.
- General receipts accounted for \$13,132,488, or 85% of all receipts, and reflect the School District's significant dependence on income taxes, property taxes and unrestricted state entitlements. Program specific receipts in the form of charges for services, operating grants, and capital grants accounted for \$2,228,892 or 15% of total receipts of \$15,361,380.
- The School District's major funds included the General Fund and Bond Retirement Fund.
- The General Fund had \$12,395,066 in receipts and other financing sources and \$11,824,639 in disbursements and other financing uses. The General Fund's fund balance increased \$570,427 from the prior fiscal year.
- The Bond Retirement Fund repays debt related to school improvements bonds for the new high school, renovation of the middle school and construction of a new elementary school. The Bond Retirement Fund had \$1,436,473 in receipts and other financing sources and \$1,280,232 in disbursements and other financing uses. The Bond Retirement Funds fund balance increased \$156,241 from the prior fiscal year.

Using the Basic Financial Statements

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

The Statement of Net Assets—Cash Basis and the Statement of Activities—Cash Basis provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances.

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

**EVERGREEN LOCAL SCHOOL DISTRICT
FULTON COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
UNAUDITED
(Continued)**

Reporting the School District as a Whole

Statement of Net Assets and Statement of Activities

The Statement of Net Assets—Cash Basis and the Statement of Activities—Cash Basis reflect how the School District did financially during fiscal year 2009. These statements are reported on the cash basis of accounting which reflects receipts and disbursements when cash is received or paid.

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

In the Statement of Net Assets—Cash Basis and the Statement of Activities—Cash Basis, all of the School District's activities are presented as governmental activities. All of the School District's programs and services are reported here including instruction, support services, non-instructional services, and extracurricular activities.

Reporting the School District's Most Significant Funds

Fund Financial Statements

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

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

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

**EVERGREEN LOCAL SCHOOL DISTRICT
FULTON COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
UNAUDITED
(Continued)**

The School District as a Whole

Table 1 provides a summary of the School District's net assets for fiscal year 2009 compared to fiscal year 2008.

Table 1
Net Assets—Cash Basis
Governmental Activities

<u>Assets</u>	<u>2009</u>	<u>2008</u>
Current Assets	\$ 5,971,604	\$ 5,249,866
<u>Net Assets</u>		
Restricted	\$ 2,022,949	\$ 1,871,638
Unrestricted	<u>3,948,655</u>	<u>3,378,228</u>
Total	<u>\$ 5,971,604</u>	<u>\$ 5,249,866</u>

Total assets increased \$721,738 mainly due to management of expenses.

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

Table 2
Changes in Net Assets—Cash Basis
Governmental Activities

	<u>2009</u>	<u>2008</u>
<u>Receipts</u>		
Program Receipts:		
Charges for Services and Sales	\$ 1,289,485	\$ 1,217,218
Operating Grants	887,150	974,912
Capital Grants	<u>52,257</u>	<u>44,716</u>
Total Program Receipts	<u>2,228,892</u>	<u>2,236,846</u>
General Receipts:		
Property and Income Taxes	7,103,672	7,139,631
Grants and Entitlements	5,780,124	5,671,056
Interest	136,912	248,235
Miscellaneous	<u>111,780</u>	<u>220,480</u>
Total General Receipts	<u>13,132,488</u>	<u>13,279,402</u>
Total Revenues	<u>\$ 15,361,380</u>	<u>\$ 15,516,248</u>

**EVERGREEN LOCAL SCHOOL DISTRICT
FULTON COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
UNAUDITED
(Continued)**

	2009	2008
<u>Disbursements</u>		
Instruction	\$ 7,129,129	\$ 7,306,451
Support Services:		
Pupils	595,499	579,005
Instructional Staff	790,095	747,958
Board of Education	35,441	41,321
Administration	988,015	926,593
Fiscal	337,945	332,392
Business	18,000	17,264
Operation and Maintenance of Plant	1,226,198	1,112,413
Pupil Transportation	1,110,910	1,235,146
Central	86,321	116,075
Non-Instructional	610,805	591,369
Extracurricular Activities	466,174	445,271
Capital Outlay	6,740	733,416
Debt Service Principal	325,264	333,166
Interest and Fiscal Charges	913,106	903,376
Total Disbursements	14,639,642	15,421,216
Increase in Net Assets	721,738	95,032
Net Assets, July 1,	5,249,866	5,154,834
Net Assets, June 30,	\$ 5,971,604	\$ 5,249,866

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

The major program disbursements for governmental activities are for instruction, which accounts for 49% of all governmental disbursements. Other programs which support the instruction process, including pupil, instructional staff, and pupil transportation account for over 17% of governmental disbursements. Maintenance of the School District's facilities also represents a significant disbursement of 8%. Therefore, 74% of the School District's disbursements are related to the primary functions of delivering education and providing facilities. These costs are funded almost entirely from property taxes, grants and entitlements.

Governmental Activities

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

**EVERGREEN LOCAL SCHOOL DISTRICT
FULTON COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
UNAUDITED
(Continued)**

Table 3
Governmental Activities—Cash Basis

	Total Cost of Services		Net Cost of Services	
	2009	2008	2009	2008
Instruction	\$ 7,129,129	\$ 7,306,451	\$ 5,770,621	\$ 5,921,118
Support Services:				
Pupils	595,499	579,005	592,982	574,030
Instructional Staff	790,095	747,958	775,265	727,595
Board of Education	35,441	41,321	35,441	41,321
Administration	988,015	926,593	988,015	926,593
Fiscal	337,945	332,392	337,945	332,392
Business	18,000	17,264	18,000	17,264
Operation and Maintenance of Plant	1,226,198	1,112,413	1,214,385	1,102,585
Pupil Transportation	1,110,910	1,235,146	1,110,910	1,235,146
Central	86,321	116,075	67,791	99,645
Non-Instructional	610,805	591,369	26,252	(18,794)
Extracurricular Activities	466,174	445,271	280,290	300,233
Capital Outlay	6,740	733,416	(45,517)	688,700
Debt Service Principal	325,264	333,166	325,264	333,166
Interest and Fiscal Charges	913,106	903,376	913,106	903,376
Total Disbursements	<u>\$ 14,639,642</u>	<u>\$ 15,421,216</u>	<u>\$ 12,410,750</u>	<u>\$ 13,184,370</u>

The dependence upon tax receipts and unrestricted state entitlements for governmental activities is apparent. Over 74% of instruction activities are supported through taxes and other general receipts. For all governmental activities, support from general receipts is 85%. The community, as a whole, provides a significant support for the School District's students.

The School District's Funds

The School District's governmental funds are accounted for using the cash basis of accounting. The School District's major governmental funds were the General Fund and Bond Retirement Fund. Total governmental funds had receipts of \$15,330,140, disbursements of \$14,639,642, and net other finances sources (uses) of \$31,240. The overall positive change of \$721,738 in fund balance for the year is primarily due to management of expenses.

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 2009, the School District amended its General Fund budget as needed. Final budgeted revenues, in the amount of \$12,325,675 were above original budgeted revenues of \$12,272,798. This \$52,877 difference was due to miscellaneous conservative estimates of tax revenue.

**EVERGREEN LOCAL SCHOOL DISTRICT
FULTON COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
UNAUDITED
(Continued)**

Final expenditures were budgeted at \$12,912,956 while actual expenditures were \$11,905,240. The \$1,007,716 difference is a result of conservative budget approval. All amounts that showed the most significant difference with budgeted amounts were the cause of under spending. Budgets are also prepared conservatively, which results in budgeted revenues to exceed expenditures. Actual General Fund revenues were \$438,136 greater than expenditures due to management of expenses.

Debt Administration

At June 30, 2009, the School District has \$11,898,662 in general obligation and classroom facilities school improvement bonds for building improvements. There are four bond series with final maturities of December 1, 2011, 2022, 2024 and 2025. The bonds are retired from the Bond Retirement Fund.

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

Current Issues

While Evergreen Local School District continues to enjoy a healthy fund balance, the current economic situation has resulted in declining revenue, and further declines are expected in School District income taxes and investment earnings before a recovery begins. Recent projections from the Ohio Department of Taxation indicate that the School District may experience a decline in income tax revenues of approximately 7% in FY10, which are not likely to recover to historical growth levels for some time. Fortunately, the School District was successful in passing a renewal of a 5-year, .75% income tax issue that will expire at the end of 2009. The passage of HB 1 changes how schools are funded in Ohio with a shift to the Evidence Based Model (EBM) of funding. Schools are to be funded at 99% of FY09 levels in FY10, and 98% in FY11 based on the prior year's October enrollment. Due to severe budget shortfalls at the state level, the state has chosen to use federal stimulus (ARRA) funds to help fund the state share of education in FY10 and FY11. This one-time funding accounts for 6% of our state funding over the next two years. At this time, it is unknown how or if this portion of state's share will be funded once the ARRA funds are exhausted at the end of FY11. All of these factors coupled with continuing budget shortfalls at the state level create a great deal of uncertainty regarding future state aid revenues.

The ability to decrease hospitalization insurance costs by switching to a less expensive policy and increasing the employee share of the cost as part of the 2007-2010 negotiated agreements, as well as very minimal annual rate increases have helped the School District to control costs. Fortunately, the cost of natural gas, electricity and fuel remained fairly stable, coming in well under budget in FY09. However, due to the volatility of these commodities, future costs are still a major concern. The School District continues to take steps to reduce purchased services and costs throughout the budget in an effort to avoid or delay deficit spending.

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 reflect the School District's accountability for the monies it receives. Questions concerning any of the information in this report or request for additional information should be directed to Denise Leu, Treasurer, Evergreen Local School District, 14544 County Road 6, Metamora, Ohio, 43540.

EVERGREEN LOCAL SCHOOL DISTRICT
FULTON COUNTY
 DISCUSSION DRAFT - CONFIDENTIAL
STATEMENT OF NET ASSETS - CASH BASIS
JUNE 30, 2009

	Governmental Activities
ASSETS	
Current Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 5,971,604
NET ASSETS	
Restricted for Debt Service	1,562,530
Restricted for Capital Outlay	228,894
Restricted for Other Purposes	231,525
Unrestricted	3,948,655
Total Net Assets	\$ 5,971,604

See Accompanying Notes to the Basic Financial Statements.

**EVERGREEN LOCAL SCHOOL DISTRICT
FULTON COUNTY
DISCUSSION DRAFT - CONFIDENTIAL
STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Program Cash Receipts</u>			<u>Net (Disbursements) Receipts and Changes in Net Assets</u>	
	<u>Cash Disbursements</u>	<u>Charges for Services and Sales</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Governmental Activities</u>
Governmental Activities					
Instruction:					
Regular	\$ 4,847,321	\$ 683,669	\$ 224,738		\$ (3,938,914)
Special	1,542,547	64,809	385,292		(1,092,446)
Vocational	134,545				(134,545)
Other	604,716				(604,716)
Support Services:					
Pupils	595,499		2,517		(592,982)
Instructional Staff	790,095		14,830		(775,265)
Board of Education	35,441				(35,441)
Administration	988,015				(988,015)
Fiscal	337,945				(337,945)
Business	18,000				(18,000)
Operation and Maintenance of Plant	1,226,198		11,813		(1,214,385)
Pupil Transportation	1,110,910				(1,110,910)
Central	86,321		18,530		(67,791)
Operation of Non-Instructional Services	610,805	355,123	229,430		(26,252)
Extracurricular Activities	466,174	185,884			(280,290)
Capital Outlay	6,740			\$ 52,257	45,517
Debt Service:					
Principal	325,264				(325,264)
Interest and Fiscal Charges	913,106				(913,106)
Totals	\$ 14,639,642	\$ 1,289,485	\$ 887,150	\$ 52,257	(12,410,750)
General Receipts					
Taxes					
Income Taxes					2,431,470
Property and Other Local Taxes					4,672,202
Grants and Entitlements not Restricted to Specific Programs					5,780,124
Gifts and Donations					26,422
Investment Earnings					136,912
Miscellaneous					54,518
Refund of Prior Year Expenditures					30,840
Total General Receipts					13,132,488
Change in Net Assets					721,738
Net Assets Beginning of Year					5,249,866
Net Assets End of Year					\$ 5,971,604

See Accompanying Notes to the Basic Financial Statements.

**EVERGREEN LOCAL SCHOOL DISTRICT
 FULTON COUNTY
 DISCUSSION DRAFT - CONFIDENTIAL
 STATEMENT OF CASH BASIS ASSETS AND FUND BALANCES
 GOVERNMENTAL FUNDS
 JUNE 30, 2009**

	<u>General Fund</u>	<u>Bond Retirement Fund</u>	<u>All Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS				
Current Assets				
Equity in Pooled Cash and Cash Equivalents	\$ 3,948,655	\$ 1,562,530	\$ 460,419	\$ 5,971,604
FUND BALANCES				
Reserved for Encumbrances	\$ 102,151		\$ 41,332	\$ 143,483
Unreserved, Undesignated, Reported in:				
General Fund	3,846,504			3,846,504
Special Revenue Funds			195,423	195,423
Debt Service Funds		\$ 1,562,530		1,562,530
Capital Projects Funds			223,664	223,664
<i>Total Fund Balances</i>	<u>\$ 3,948,655</u>	<u>\$ 1,562,530</u>	<u>\$ 460,419</u>	<u>\$ 5,971,604</u>

See Accompanying Notes to the Basic Financial Statements.

**EVERGREEN LOCAL SCHOOL DISTRICT
 FULTON COUNTY
 DISCUSSION DRAFT - CONFIDENTIAL
 STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND
 CHANGES IN CASH BASIS FUND BALANCES
 GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED JUNE 30, 2009**

	<u>General Fund</u>	<u>Bond Retirement Fund</u>	<u>All Other Governmental Funds</u>	<u>Total Governmental Funds</u>
RECEIPTS				
Property and Other Local Taxes	\$ 3,267,330	\$ 1,104,229	\$ 300,643	\$ 4,672,202
Income Tax	2,431,470			2,431,470
Intergovernmental	5,699,674	169,166	850,691	6,719,531
Interest	122,066		14,846	136,912
Tuition and Fees	748,478			748,478
Rent	5,350			5,350
Extracurricular Activities	13,755		172,129	185,884
Gifts and Donations	1,135		25,287	26,422
Customer Sales and Services			349,773	349,773
Miscellaneous	54,118			54,118
<i>Total Receipts</i>	<u>12,343,376</u>	<u>1,273,395</u>	<u>1,713,369</u>	<u>15,330,140</u>
DISBURSEMENTS				
Instruction				
Regular	4,767,728		79,593	4,847,321
Special	1,034,324		508,223	1,542,547
Vocational	134,545			134,545
Other	602,473		2,243	604,716
Support Services				
Pupils	595,493		6	595,499
Instructional Staff	760,907		29,188	790,095
Board of Education	35,441			35,441
Administration	902,864		85,151	988,015
Fiscal	306,940	24,369	6,636	337,945
Business	18,000			18,000
Operation and Maintenance of Plant	1,059,135		167,063	1,226,198
Pupil Transportation	1,109,910		1,000	1,110,910
Central	70,595		15,726	86,321
Operation of Non-Instructional Services	37,269		573,536	610,805
Extracurricular Activities	367,465		98,709	466,174
Capital Outlay			6,740	6,740
Debt Service				
Principal		325,264		325,264
Interest		913,106		913,106
<i>Total Disbursements</i>	<u>11,803,089</u>	<u>1,262,739</u>	<u>1,573,814</u>	<u>14,639,642</u>
<i>Excess of Receipts Over Disbursements</i>	540,287	10,656	139,555	690,498
OTHER FINANCING SOURCES (USES)				
Proceeds from Sale of Capital Assets	450			450
Refund of Prior Year Expenditures	30,840			30,840
Transfers In		163,078	230,570	393,648
Advances In	20,400		6,000	26,400
Transfers Out	(15,500)	(17,493)	(360,655)	(393,648)
Advances Out	(6,050)		(20,400)	(26,450)
<i>Total Other Financing Sources (Uses)</i>	<u>30,140</u>	<u>145,585</u>	<u>(144,485)</u>	<u>31,240</u>
<i>Net Change in Fund Balances</i>	570,427	156,241	(4,930)	721,738
<i>Fund Balance at Beginning of Year</i>	3,378,228	1,406,289	465,349	5,249,866
<i>Fund Balance at End of Year</i>	<u>\$ 3,948,655</u>	<u>\$ 1,562,530</u>	<u>\$ 460,419</u>	<u>\$ 5,971,604</u>

See Accompanying Notes to the Basic Financial Statements.

**EVERGREEN LOCAL SCHOOL DISTRICT
FULTON COUNTY
DISCUSSION DRAFT - CONFIDENTIAL
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2009**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
REVENUES				
Property and Other Local Taxes	\$ 3,283,600	\$ 3,267,330	\$ 3,267,330	
Income Tax	2,469,000	2,431,470	2,431,470	
Intergovernmental	5,621,138	5,703,075	5,699,674	\$ (3,401)
Interest	120,000	120,000	122,066	2,066
Tuition and Fees	691,800	716,540	748,478	31,938
Rent	11,000	11,000	5,350	(5,650)
Extracurricular Activities	13,100	13,100	13,755	655
Gifts and Donations	10,000	10,000	1,135	(8,865)
Miscellaneous	53,160	53,160	54,118	958
Total Revenues	<u>12,272,798</u>	<u>12,325,675</u>	<u>12,343,376</u>	<u>17,701</u>
EXPENDITURES				
Current				
Instruction				
Regular	5,005,052	5,004,752	4,802,359	202,393
Special	1,146,465	1,129,148	1,040,179	88,969
Vocational	144,788	145,088	135,844	9,244
Other	684,540	684,540	602,473	82,067
Support Services				
Pupils	595,968	595,968	595,493	475
Instructional Staff	761,631	764,931	763,083	1,848
Board of Education	63,435	63,435	42,011	21,424
Administration	1,070,380	1,070,680	909,262	161,418
Fiscal	354,772	354,772	309,459	45,313
Business	18,500	18,500	18,000	500
Operation and Maintenance of Plant	1,209,979	1,222,379	1,088,417	133,962
Pupil Transportation	1,322,596	1,322,596	1,122,806	199,790
Central	104,365	104,365	70,595	33,770
Operation of Non-Instructional Services	39,715	39,715	37,269	2,446
Extracurricular Activities				
Academic Oriented Activities	103,486	103,486	108,864	(5,378)
Occupation Oriented Activities	6,482	6,482	6,490	(8)
Sport Oriented Activities	241,824	241,824	240,127	1,697
School and Public Service Co-Curricular Activities	40,295	40,295	12,509	27,786
Total Expenditures	<u>12,914,273</u>	<u>12,912,956</u>	<u>11,905,240</u>	<u>1,007,716</u>
Excess of Revenues Over (Under) Expenditures	<u>(641,475)</u>	<u>(587,281)</u>	<u>438,136</u>	<u>1,025,417</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from Sale of Capital Assets	1,000	1,000	450	(550)
Refund of Prior Year Expenditures	40,000	40,000	30,840	(9,160)
Advances In		20,400	20,400	
Transfers Out		(15,500)	(15,500)	
Advances Out		(15,350)	(6,050)	9,300
Total Other Financing Sources (Uses)	<u>41,000</u>	<u>30,550</u>	<u>30,140</u>	<u>(410)</u>
Net Change in Cash Basis Fund Balances	<u>(600,475)</u>	<u>(556,731)</u>	<u>468,276</u>	<u>1,025,007</u>
Fund Balance at Beginning of Year	<u>3,230,808</u>	<u>3,230,808</u>	<u>3,230,808</u>	
Prior Year Encumbrances Appropriated	<u>147,420</u>	<u>147,420</u>	<u>147,420</u>	
Fund Balance at End of Year	<u>\$ 2,777,753</u>	<u>\$ 2,821,497</u>	<u>\$ 3,846,504</u>	<u>\$ 1,025,007</u>

See Accompanying Notes to the Basic Financial Statements.

EVERGREEN LOCAL SCHOOL DISTRICT
FULTON COUNTY
 DISCUSSION DRAFT - CONFIDENTIAL
STATEMENT OF FIDUCIARY NET ASSETS - CASH BASIS
FIDUCIARY FUNDS
JUNE 30, 2009

	Private Purpose Trust	Agency
ASSETS		
Current Assets		
Equity in Pooled Cash and Cash Equivalents	\$ 33,161	\$ 38,301
 NET ASSETS		
Restricted - expendable	\$ 33,161	
Unrestricted		\$ 38,301
Total net assets	\$ 33,161	\$ 38,301

See Accompanying Notes to the Basic Financial Statements.

EVERGREEN LOCAL SCHOOL DISTRICT
FULTON COUNTY
 DISCUSSION DRAFT - CONFIDENTIAL
STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
CASH BASIS
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009

	Private Purpose Trust
ADDITIONS:	
Gifts and contributions	\$ 11
Interest	394
Miscellaneous	500
Total additions	905
 DEDUCTIONS:	
Payments in accordance with trust agreements	1,565
Changes in net assets	(660)
Net assets beginning of year	33,821
Net assets end of year	\$ 33,161

See Accompanying Notes to the Basic Financial Statements.

**EVERGREEN LOCAL SCHOOL DISTRICT
FULTON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009**

NOTE 1 – DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

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

The School District was established in 1967 through the consolidation of existing land areas and school districts. The School District serves an area of approximately 130 square miles. It is located in Fulton and Lucas counties and includes the entire Villages of Berkey (Lucas County), Lyons and Metamora (Fulton County), all of Amboy, Chesterfield, and Royalton (Fulton County) and Richfield (Lucas County) townships, and portions of Fulton and Pike (Fulton County), and Harding, Spencer, and Sylvania (Lucas County) townships. The School District is the 267th largest in the State of Ohio (among 613 school districts) in terms of enrollment. It is staffed by 59 classified employees, 80 certified teaching personnel, and 16 administrative employees who provide services to 1,342 students and other community members. The School District currently operates three buildings.

Reporting Entity

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

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. Component units also include legally separate, tax-exempt entities whose resources are for the direct benefit of the School District, are accessible to the School District, and are significant in amount to the School District. The School District does not have any component units.

The School District participates in three jointly governed organizations, three insurance pools, and is associated with two related organizations. These organizations are the Northwest Ohio Computer Association, the Northern Buckeye Education Council, the Four County Career Center, the Ohio School Plan, the Northern Buckeye Education Council Employee Insurance Benefits Program, the Northern Buckeye Education Council Workers' Compensation Group Rating Plan, the Evergreen Community Library, and a non-public school. These organizations are presented in Notes 16, 17, and 18 to the basic financial statements.

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

**EVERGREEN LOCAL SCHOOL DISTRICT
FULTON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting. In the government-wide financial statements and the fund financial statements for the proprietary funds, financial Accounting Standards Board (FASB) pronouncements and Accounting Principles Board (APB) opinions issued on or before November 30, 1989, have been applied, to the extent they are applicable to the cash basis of accounting, unless those pronouncements conflict with or contradict GASB pronouncements, in which case GASB prevails. The School District does not apply FASB statements issued after November 30, 1989, to its business-type activities and to its enterprise funds. Following are the more significant of the School District's accounting policies.

A. Basis of Presentation

The School District's basic financial statements consist of government-wide financial 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. These statements usually distinguish between those activities of the School District that are governmental activities (primarily supported by taxes and intergovernmental revenues) and those that are considered business-type activities (primarily supported by fees and charges). However, the School District has no business-type activities.

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

Fund Financial Statements

During the fiscal 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. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

**EVERGREEN LOCAL SCHOOL DISTRICT
FULTON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

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. The funds of the School District are divided into two categories, governmental and fiduciary.

Governmental

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

General Fund – The General Fund is used to account 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.

Bond Retirement Fund – The Bond Retirement Fund is used to account for receipts designated to be used for debt service and related disbursements for bond principal, interest and related costs.

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

Fiduciary Funds

Fiduciary funds account for cash and investments where the School District is acting as trustee or fiscal agent for other entities or individuals. Fiduciary funds include investment trust funds, private-purpose trust funds and agency funds. Trust funds account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are not available to support the School District's own programs. The School District's private purpose trust fund accounts for college scholarships for students.

Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District's agency funds account for various student-managed activities.

C. Basis of Accounting

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

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

**EVERGREEN LOCAL SCHOOL DISTRICT
FULTON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

D. Budgetary Process

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

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

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

E. Cash and Investments

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

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

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

During 2009, the School District invested in nonnegotiable certificates of deposit, a money market fund, and STAR Ohio. Investments are reported at cost, except for STAR Ohio. STAR Ohio is an investment pool, managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2009.

**EVERGREEN LOCAL SCHOOL DISTRICT
FULTON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest receipts credited to the General Fund during fiscal year 2009 was \$122,066; interest in the OSFC Exceptional Need Construction Fund was \$13,377, and interest in the amount of \$1,469 was credited to other School District funds.

F. Inventory and Prepaid Items

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

G. Capital Assets

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

H. Interfund Receivables/Payables

The School District reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements. The fund statements report inter-fund loans as advances when made or repaid. These amounts are eliminated in the Statement of Activities. Note 8 lists unpaid advances receivable and payable.

I. Accumulated Leave

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

J. Employer Contributions to Cost-Sharing Pension Plans

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

K. Long-term Obligations

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

L. Net Assets

The statements report restricted net assets when enabling legislation or creditors, grantors or laws or regulations of other governments have imposed limitations on their use.

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

**EVERGREEN LOCAL SCHOOL DISTRICT
FULTON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (Continued)

M. Fund Balance Reserves

The School District reserves those portions of fund equity legally segregated for a specific future use or which are not available for appropriation or disbursement. Unreserved fund balance indicates that portion which is available for appropriation in future periods. The School District has reserved fund equity for encumbrances.

N. Inter-fund Transactions

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

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

NOTE 3 – COMPLIANCE

Ohio Administrative Code, Section 117-2-03 (B), requires the School District to prepare its annual financial report in accordance with generally accepted accounting principles. However, the School District prepared its financial statements on a cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The accompanying financial statements omit assets, liabilities, net assets/fund balances, and disclosures that, while material, cannot be determined at this time. The School District can be fined and various other administrative remedies may be taken against the School District.

NOTE 4 – BUDGETARY BASIS OF ACCOUNTING

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual presented for the General Fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis are outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as a reservation of fund balance (cash basis).

The encumbrances outstanding at year end (budgetary basis) amounted to:

General Fund	\$ 102,151
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NOTE 5 – DEPOSITS AND INVESTMENTS

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

Active monies are public monies determined to be necessary to meet current demands upon the School District treasury. Active 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.

**EVERGREEN LOCAL SCHOOL DISTRICT
FULTON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

NOTE 5 – DEPOSITS AND INVESTMENTS – (Continued)

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

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2% and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) above, and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio); and
8. Bankers' acceptances and commercial paper if training requirements have been met.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase, unless matched to a specific obligation or debt of the 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.

**EVERGREEN LOCAL SCHOOL DISTRICT
FULTON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

NOTE 5 – DEPOSITS AND INVESTMENTS – (Continued)

A. Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At fiscal year end, \$793,874 of the School District's bank balance of \$4,939,572 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the School District's name. Although all state statutory requirements for the deposit of money have been followed, noncompliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

The School District has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the School District or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least 105% of the deposits being secured.

B. Investments

As of June 30, 2009, the School District had the following investment:

	<u>Fair Value</u>	<u>Maturity Less Than One Year</u>
STAR Ohio	\$ 1,166,113	\$ 1,166,113

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

NOTE 6 – PROPERTY TAXES

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

Property taxes include amounts levied against all real, public utility, and tangible personal (used in business) property located in the School District. Real and public utility property tax revenues received in calendar year 2009 represent the collection of calendar year 2008 taxes. Real property taxes for 2009 were levied after April 1, 2008, on the assessed values as of January 1, 2008, the lien date. Assessed values for real property taxes are established by state statute at 35% of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, state statute permits alternate payment dates to be established.

**EVERGREEN LOCAL SCHOOL DISTRICT
FULTON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

NOTE 6 – PROPERTY TAXES – (Continued)

Public utility property tax revenues received in calendar year 2009 represent the collection of calendar year 2008 taxes. Public utility real and tangible personal property taxes received in calendar year 2009 become a lien on December 31, 2007, were levied after April 1, 2008, and are collected with real property taxes. Public utility real property is assessed at 35% of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

Tangible personal property tax revenues received in calendar year 2009 (other than public utility property) represent the collection of calendar year 2009 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. The October 2008 tangible personal property tax settlement was the last property tax settlement for general personal property taxes. Tangible personal property taxes received from telephone companies in calendar year 2009 were levied after October 1, 2008, on the value as of December 31, 2007. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

The School District receives property taxes from Fulton and Lucas counties. The County Auditors periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the counties by June 30, 2009, are available to finance fiscal year 2009 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

The assessed values upon which the fiscal year 2009 taxes are based are as follows:

	2008 Second-Half Collections		2009 First-Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential	\$ 146,938,370	86.53%	\$ 160,500,860	89.36%
Industrial/Commercial	7,008,910	4.13%	7,741,440	4.31%
Public Utility Real Property	37,470	.02%	36,860	.02%
Public Utility Personal Property	12,407,480	7.31%	11,334,520	6.31%
General Personal Property	<u>3,428,192</u>	<u>2.01%</u>	<u>179,613,680</u>	<u>100.00%</u>
Total Assessed Value	<u>\$ 169,820,422</u>	<u>100.00%</u>	<u>\$ 179,613,680</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$ 50.35		\$ 50.35	

NOTE 7 – INCOME TAXES

The School District levies a voted tax of .75% for general operations on the income of residents and of estates. The tax was effective in 1990, and is a continuing tax. An additional .75% income tax was passed by voters in 2004, effective beginning 2005 for five years, for general operations. Employers of residents are required to withhold income tax on compensation and remit the tax to the state. Taxpayers are required to file an annual return. The state makes quarterly distributions to the School District after withholding amounts for administrative fees and estimated refunds. Income tax receipts are recorded in the General Fund.

**EVERGREEN LOCAL SCHOOL DISTRICT
FULTON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

NOTE 8 – INTERFUND RECEIVABLE/PAYABLE

Unpaid interfund cash advances at June 30, 2009, was as follows:

<u>Interfund Payable</u>	<u>Interfund Receivable General</u>
Special Revenue Funds	\$ 6,000
Agency Funds	50
	<u>\$ 6,050</u>

The interfund transactions between the General Fund and Special Revenue Funds were to make expenditures for grant programs, and will be fully reimbursed by state funds.

NOTE 9 – RISK MANAGEMENT

A. Property and Liability

The School District maintains comprehensive insurance coverage through the Ohio School Plan (the Plan), a public entity insurance purchasing pool (Note 17), for liability, real property, building contents, and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. In addition, real property contents are fully considered.

Coverage provided by the Ohio School Plan	
General Liability:	
Per Occurrence	\$ 3,000,000
Total per Year	\$ 5,000,000
Coverage provided by the Ohio School Plan	
Blanket Property Insurance (\$1,000 deductible)	\$ 47,131,426
Coverage provided by the Ohio School Plan	
Auto Coverage	
Liability	\$ 3,000,000
Auto Medical Payment	\$ 5,000

Under the Plan, each participant enters into an individual agreement with the Plan for insurance coverage and pays annual premiums to the Plan based on types and limits of coverage and deductibles that is selected by the participant.

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

**EVERGREEN LOCAL SCHOOL DISTRICT
FULTON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

NOTE 9 – RISK MANAGEMENT – (Continue)

B. Workers' Compensation

The School District participates in the Northern Buckeye Education Council Workers' Compensation Group Rating Plan (the Plan), an insurance purchasing pool. The Plan is intended to reduce premiums for the participants. The workers' compensation experience of the participants is calculated as one experience and a common premium rate is applied to all participants in the Plan. Each participant pays its workers' compensation premium to the state based on the rate for the Plan rather than its individual rate. Participation in the Plan is limited to entities that can meet the Plan's selection criteria. Each participant must apply annually. The Plan provides the participants with a centralized program for the processing, analysis, and management of workers' compensation claims and a risk management program to assist in developing safer work environments. Each participant must pay its premiums, enrollment or other fees, and perform its obligations in accordance with the terms of the agreement.

C. Employee Medical Benefit

The School District participates in the Northern Buckeye Education Council Employee Insurance Benefits Program (the Program), a public entity shared risk pool consisting of educational entities within Defiance, Fulton, Henry, Williams, and Wood Counties and other eligible governmental entities. The School District pays monthly premiums to the Northern Buckeye Education Council (NBEC) for the benefits offered to its employees including medical, dental, vision, and life insurance. NBEC is responsible for the management and operations of the Program. The agreement for the Program provides for additional assessments to all participants if the premiums are insufficient to pay the program costs for the fiscal year. Upon withdrawal from the Program, a participant is responsible for any claims not processed and paid and any related administrative costs.

NOTE 10 – DEFINED BENEFIT PENSION PLANS

A. State Teachers Retirement System

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

**EVERGREEN LOCAL SCHOOL DISTRICT
FULTON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

NOTE 10 – DEFINED BENEFIT PENSION PLANS – (Continued)

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

A DBP or CP 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 DCP 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, 2009, plan members were required to contribute 10% of their annual covered salary and the School District was required to contribute 14%; 13% was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers.

The School District's required contribution for pension obligations for the fiscal years ended June 30, 2009, 2008, and 2007 was \$738,856, \$758,560, and \$672,157, respectively. The full amount has been contributed for fiscal years 2009, 2008 and 2007. Contributions of \$511,516 were made by plan members for the fiscal year ended June 30, 2009.

B. 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 administered by the School Employees Retirement Board. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746.

For the fiscal year ended June 30, 2009, plan members were required to contribute 10% of their annual covered salary and the School District was required to contribute an actuarially determined rate. The rate for fiscal year 2009 was 14% of annual covered payroll; 9.84% 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 required contribution for pension obligations to SERS for the fiscal years ended June 30, 2009, 2008, and 2007 was \$206,204, \$185,522, and \$191,001, respectively. The full amount has been contributed for fiscal years 2009, 2008 and 2007.

**EVERGREEN LOCAL SCHOOL DISTRICT
FULTON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

NOTE 10 – DEFINED BENEFIT PENSION PLANS – (Continued)

C. Social Security System

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

NOTE 11 – POST-EMPLOYMENT BENEFITS

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

STRS retirees who participated in the Defined Benefit Plan or the Combined Plan and their dependents are eligible for health care coverage. The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. All benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14% of covered payroll. For fiscal year 2009, the Board allocated employer contributions equal to 1% of covered payroll to the Health Care Stabilization Fund. For the School District, this amount was \$56,835.

STRS pays health care benefits from the Health Care Stabilization Fund. The balance in the Fund was \$3.7 billion at June 30, 2008 (latest information available). For the fiscal year ended June 30, 2008, net health care costs paid by STRS were \$288,878,000, and STRS had approximately 126,506 eligible benefit recipients (latest information available).

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, and to disability and survivor benefit recipients. All retirees and beneficiaries are required to pay a portion of their premium for health care. The portion is based on years of service, Medicare eligibility, and retirement status. Premiums may be reduced for retirees whose household income falls below the poverty level.

After the allocation for basic benefits, the remainder of the employer's 14% contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2009, employer contributions to fund health care benefits were 4.16% of covered payroll, compared to 4.18% of covered payroll for fiscal year 2008. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2009, the minimum pay was established at \$35,800. However, the surcharge is capped at 2% of each employer's SERS salaries. For the 2009 fiscal year, the School District paid \$112,479 to fund health care benefits, including the surcharge.

**EVERGREEN LOCAL SCHOOL DISTRICT
FULTON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

NOTE 11 – POST-EMPLOYMENT BENEFITS – (Continued)

The surcharge, added to the unallocated portion of the 14% employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150% of the projected claims less premium contributions for the next fiscal year. Expenses for health care at June 30, 2008, were \$226,436,827 (latest information available). At June 30, 2008, SERS had net assets available for payment of health care benefits of \$392.7 million (latest information available).

NOTE 12 – NOTES PAYABLE AND LONG TERM DEBT

The changes in the School District's notes payable during fiscal year 2009 were as follows:

	Outstanding 6/30/08	Additions	Deletions	Outstanding 6/30/09
Tax Anticipation Notes	\$ <u>406,376</u>	<u> </u>	\$ <u>109,474</u>	\$ <u>296,902</u>

Tax anticipation notes totaling \$567,797 were issued February 28, 2007 and mature annually through December 2011. The new issue has an interest rate of 4.68%.

Changes in long-term obligations of the School District during fiscal year 2009 were as follows:

	Outstanding 6/30/08	Additions	Deletions	Outstanding 6/30/09
General Obligation Bonds				
1999 School Improvement	\$ 1,013,208		\$ 58,208	\$ 955,000
2002 Classroom Facilities	1,891,734		26,734	1,865,000
2005 Unlimited Tax Refund	9,094,997		100,000	8,994,997
2006 School Improvement	<u>114,513</u>	<u> </u>	<u>30,848</u>	<u>83,665</u>
	<u>\$ 12,114,452</u>	<u> </u>	<u>\$ 215,790</u>	<u>\$ 11,898,662</u>

On May 4, 1999, a bond issue for the purpose of renovating, rehabilitating, adding to, constructing, furnishing, equipping and otherwise improving school facilities acquiring and improving their sites was passed. Series 1999 School Improvement Bonds were issued September 8, 1999 for \$11,999,954 with interest rates ranging from 3.75% to 5.625%. The bond issue included serial, term, and capital appreciation bonds. Current interest serial bonds mature annually from 2000 through 2014. Current interest term bonds mature in 2019 and 2024.

Capital appreciation bonds matured in 2006, 2007, and 2008. The maturity amount of the capital appreciation bonds was \$1,275,000. On July 26, 2005, \$9,350,000 face value of the bonds were refunded through the issuance of new bonds.

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

**EVERGREEN LOCAL SCHOOL DISTRICT
FULTON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

NOTE 12 – NOTES PAYABLE AND LONG TERM DEBT – (Continued)

On July 25, 2005, a bond issue for the purpose of refunding a portion of the 1999 School Improvement bond issue was made. The new issue has interest rates ranging from 3.0% to 4.2%. The bond issue included serial and capital appreciation bonds. Current interest serial bonds mature annually from 2005 through 2024. Capital appreciation bonds mature in 2014 and 2015. The maturity amount of the capital appreciation bonds is \$1,295,000.

On February 28, 2007, a bond issue for the purpose of facilities improvements was made. The new issue has an interest rate of 4.68%. The bond issue included term bonds which mature December 1, 2011.

Total expenditures for interest for the above debt for the period ended June 30, 2009, was \$913,106.

The scheduled payments of principal and interest on debt outstanding at June 30, 2009, are as follows:

For the Years Ending June 30,	Principal	Interest	Total
2010	\$ 756,967	\$ 471,116	\$ 1,228,083
2011	788,925	435,839	1,224,764
2012	739,674	401,686	1,141,360
2013	690,000	374,083	1,064,083
2014	715,000	346,455	1,061,455
2015-2019	2,789,998	2,533,481	5,323,479
2020-2024	4,540,000	738,465	5,278,465
2025-2029	<u>1,175,000</u>	<u>32,165</u>	<u>1,207,165</u>
Total	<u>\$ 12,195,564</u>	<u>\$ 5,333,290</u>	<u>\$ 17,523,854</u>

NOTE 13 – SET ASIDE REQUIREMENTS

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

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

	Textbooks	Capital Improvements
Set-aside Cash Balance, June 30, 2008	\$ (213,413)	
Current Year Set-Aside Requirement	202,766	\$ 202,766
Current Year Offsets		(131,926)
Qualifying Disbursements	<u>(239,858)</u>	<u>(70,840)</u>
Cash Balance Carried Forward to FY 2009	<u>\$ (250,505)</u>	<u>\$ _____</u>

Since the School District had qualifying disbursements during the year that reduced the set aside amount for textbooks and instructional materials to below zero, this extra amount may be used to reduce the set aside requirement of future years. However, the excess qualifying disbursements of the capital improvement set aside may not be used to reduce the capital improvement set aside requirement for future years.

**EVERGREEN LOCAL SCHOOL DISTRICT
FULTON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

NOTE 14 – INTERFUND TRANSFERS

Interfund cash transfers for the year ended June 30, 2009, were as follows:

<u>Transfer From</u>	<u>Capital Projects</u>	<u>Debt Service</u>	<u>Special Revenue</u>	<u>Total</u>
General Fund			\$ 15,500	\$ 15,500
Debt Service	\$ 17,493			17,493
Capital Projects	<u>148,183</u>	<u>\$ 163,078</u>	<u>49,394</u>	<u>360,655</u>
Total	<u>\$ 165,676</u>	<u>\$ 163,078</u>	<u>\$ 64,894</u>	<u>\$ 393,648</u>

Transfers from the Permanent Improvement Fund to the Bond Retirement Fund were to make payments on school improvement bonds and tax anticipation note. At the closing of construction funds, the remaining balances were transferred to the Permanent Improvement Fund and the Classroom Facilities Maintenance Funds. Transfers from the General Fund were made to Special Revenue Funds to cover athletic participation fees, grant matching funds and operating funds for athletic. A transfer from the Bond Retirement Fund to the OSFC Exceptional Need Construction Fund was to correct the posting of fiscal year 2002 bond anticipation note fees.

NOTE 15 – CONTINGENCIES

Grants

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 conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2009.

NOTE 16 – JOINTLY GOVERNED ORGANIZATIONS

A. Northwest Ohio Computer Association

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

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

**EVERGREEN LOCAL SCHOOL DISTRICT
FULTON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

NOTE 16 – JOINTLY GOVERNED ORGANIZATIONS – (Continued)

B. Northern Buckeye Education Council

The Northern Buckeye Education Council (the Council) was established in 1979 to foster cooperation among school districts located in Defiance, Fulton, Henry, Lucas, Williams and Wood Counties. The Council is organized under Ohio law as a regional council of governments pursuant to a written agreement entered into by its member school districts and bylaws adopted by the representatives of the member school districts. To obtain financial information write to the Northern Buckeye Education Council, Robin Pfund, who serves as Treasurer, at 209 Nolan Parkway, Archbold, Ohio 43502.

C. Four County Career Center

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

NOTE 17 – PUBLIC ENTITY RISK POOLS

A. Northern Buckeye Education Council's Employee Insurance Benefits Program

The Northern Buckeye Education Council's Employee Insurance Benefits Program included health, dental, drug, and life insurance plans. The health, drug, vision, and dental plans are risk-sharing pools among approximately 28 members, and the life insurance plan is a group purchasing pool among 26 members. The purpose of the plans is for its members to pool funds or resources to purchase commercial insurance products and enhance the wellness opportunities for employees.

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

In fiscal year 2009, the School District contributed a total for all four plans \$1,068,030. Financial information can be obtained from Robin Pfund, who serves as Treasurer, at 209 Nolan Parkway, PO Box 407, Archbold, Ohio 43502.

B. Northern Buckeye Education Council's Worker's Compensation Group Rating Plan

The School District participates in a group rating plan for workers' compensation as established under section §4123.29 of the Ohio Revised Code. The Northern Buckeye Education Council's Worker's Compensation Group Rating Plan (WCGRP) was established through the Northern Buckeye Educational Council (NBEC) as a group purchasing pool. The Plan is governed by the NBEC and plan participants. The Executive Director of the Council coordinates the management and administration of the program. Each year, the participating/members pay an enrollment fee to the WCGRP to cover the costs of administering the program. During the fiscal year ending June 30, 2009, the School District paid an enrollment fee of \$1,374 to WCGRP to cover costs of administering the program.

**EVERGREEN LOCAL SCHOOL DISTRICT
FULTON COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2009
(Continued)**

NOTE 17 – PUBLIC ENTITY RISK POOLS – (Continue)

C. The Ohio School Plan

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

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity. The Plan provides property, general liability, educator’s legal liability, automobile, and violence coverages, modified for each member’s needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the member’s specific deductible.

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

The Plan’s audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2008 and 2007 (the latest information available):

	<u>2008</u>	<u>2007</u>
Assets	\$3,273,989	\$2,646,185
Liabilities	1,873,157	1,621,941
Members’ Equity	1,400,832	1,024,244

You can read the complete audited financial statements for The Ohio School Plan at the Plan’s website, www.ohioschoolplan.org.

NOTE 18 – RELATED ORGANIZATIONS

A. Non-Public School

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

B. Evergreen Community Library

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

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Mary Taylor, CPA

Auditor of State

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

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

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Evergreen Local School District, Fulton County, Ohio, (the School District) as of and for the year ended June 30, 2009, which collectively comprise the School District's basic financial statements and have issued our report thereon dated January 13, 2010, wherein, we noted the School District uses a comprehensive accounting basis other than generally accepted accounting principles. 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 the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School District's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the School District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the School District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in 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 School District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the School District's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the School District's internal control will not prevent or detect a material financial statement misstatement.

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

Compliance and Other Matters

As part of reasonably assuring whether the Government's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance that we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2009-001.

We also noted certain noncompliance or other matters not requiring inclusion in this report that we reported to the School District's management in a separate letter dated January 13, 2010.

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

We intend this report solely for the information and use of the audit committee, management, and Board of Education. We intend it for no one other than these specified parties.



Mary Taylor, CPA
Auditor of State

January 13, 2010

EVERGREEN LOCAL SCHOOL DISTRICT
FULTON COUNTY

SCHEDULE OF FINDINGS
JUNE 30, 2009

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

FINDING NUMBER 2009-001

Noncompliance Citation

Ohio Revised Code § 117.38 provides that each public office shall file a financial report for each fiscal year. The Auditor of State may prescribe forms by rule or may issue guidelines, or both, for such reports. If the Auditor of State has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office. Ohio Administrative Code § 117-2-03 further clarifies the requirements of Ohio Revised Code § 117.38.

Ohio Administrative Code § 117-2-03(B) requires the District to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. However, the District prepares its financial statements in a cash format which is a comprehensive basis of accounting other than generally accepted accounting principles. The accompanying financial statements and notes omit assets, liabilities, fund equities, and disclosures that, while material, cannot be determined at this time. Pursuant to Ohio Revised Code § 117.38 the District may be fined and subject to various other administrative remedies for its failure to file the required financial report.

Official's Response

The initial decision to use the cash basis "GASB 34 conversion" was made during a time when the District was experiencing serious financial difficulties and cutbacks. Since then, the District has continued to weigh the benefits of a full GAAP conversion against the additional cost in terms of both time and money of doing so, and will continue to evaluate this decision as circumstances and resources change.

EVERGREEN LOCAL SCHOOL DISTRICT
FULTON COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2009

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i>
2008-001	OAC §117-2-03(B) non-compliance with preparing annual financial report in accordance with accounting principles generally accepted in the United States of America.	No	Finding has not been corrected and is repeated as item 2009-001, in this report.



Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURES

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

To the Board of Education:

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

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

1. We noted the Board adopted an anti-harassment policy at its meeting on March 15, 2007.
2. We read the policy, noting it included the following requirements from Ohio Rev. Code Section 3313.666(B):
 - (1) A definition of harassment, intimidation, or bullying that includes the definition in division (A) of Ohio Rev. Code Section 3313.666;
3. We read the policy, noting it did not include the following requirements from Ohio Rev. Code Section 3313.666(B):
 - (1) A statement prohibiting harassment, intimidation, or bullying of any student on school property or at school-sponsored events;

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- (2) A procedure for reporting prohibited incidents;
- (3) A requirement that school personnel report prohibited incidents of which they are aware to the school principal or other administrator designated by the principal;
- (4) A requirement that parents or guardians of any student involved in a prohibited incident be notified and, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended, have access to any written reports pertaining to the prohibited incident;
- (5) A procedure for documenting any prohibited incident that is reported;
- (6) A procedure for responding to and investigating any reported incident;
- (7) A strategy for protecting a victim from additional harassment, intimidation, or bullying, and from retaliation following a report;
- (8) A disciplinary procedure for any student guilty of harassment, intimidation, or bullying, which shall not infringe on any student's rights under the first amendment to the Constitution of the United States;
- (9) A requirement that the district administration semiannually provide the president of the district board a written summary of all reported incidents and post the summary on its web site, if the district has a web site, to the extent permitted by section 3319.321 of the Revised Code and the "Family Educational Rights and Privacy Act of 1974," 88 Stat. 571, 20 U.S.C. 1232q, as amended.

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

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



Mary Taylor, CPA
Auditor of State

January 13, 2010



Mary Taylor, CPA
Auditor of State

EVERGREEN LOCAL SCHOOL DISTRICT
FULTON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
FEBRUARY 11, 2010