

Green Local School District
Wayne County, Ohio
Audited Financial Statements

June 30, 2009



Mary Taylor, CPA
Auditor of State

Board of Education
Green Local School District
484 East Main Street
P.O. Box 438
Smithville, Ohio 44677

We have reviewed the *Independent Auditor's Report* of the Green Local School District, Wayne County, prepared by Rea & Associates, Inc., for the audit period July 1, 2008 through June 30, 2009. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

February 1, 2010

This Page is Intentionally Left Blank.

**GREEN LOCAL SCHOOL DISTRICT
WAYNE COUNTY**

JUNE 30, 2009

Table of Contents

	<i>Page</i>
Independent Auditor’s Report	1-2
Management’s Discussion and Analysis	3-9
Government-Wide Financial Statements:	
Statement of Net Assets	10
Statement of Activities	11
Fund Financial Statements:	
Balance Sheet – Governmental Funds	12
Reconciliation of Total Governmental Fund Balances to Net Assets of Governmental Activities	13
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	14
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	15
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual – General Fund	16
Statement of Fiduciary Net Assets	17
Notes to the Basic Financial Statements	18-37
Independent Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	38-39
Independent Auditor’s Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with OMB Circular A-133	40-41
Schedule of Expenditures of Federal Awards	42
Notes to Schedule of Expenditures of Federal Awards	43
Schedule of Findings & Questioned Costs	44
Independent Accountant’s Report on Applying Agreed-upon Procedures	45-46

This Page is Intentionally Left Blank.



Rea & Associates, Inc.
ACCOUNTANTS AND BUSINESS CONSULTANTS

122 4th St. NW | PO Box 1020
New Philadelphia, OH 44663-5120

To the Board of Education
Green Local School District
Smithville, OH 44677

December 14, 2009

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Green Local School District (the "School District"), 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 *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School District, as of June 30, 2009, and the respective changes in financial position, and the respective budgetary comparison for the General fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 14, 2009 on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with "Government Auditing Standards" and should be considered in assessing the results of our audit.

Management Discussion and Analysis on pages 3 through 9 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

Rea & Associates, Inc.

Green Local School District (Wayne County, Ohio)

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009
(Unaudited)*

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

Financial Highlights

Key Financial Highlights for 2009 are as follows:

- ❑ General Revenues accounted for \$10.0 million in revenue or 85% of all revenues. Program specific revenues in the form of charges for services and sales, and operating grants and contributions accounted for approximately \$1.8 million or 15% of total revenues of \$11.8 million.
- ❑ Total program expenses were \$11.6 million in Governmental Activities.
- ❑ In total, net assets of Governmental Activities increased \$200,908, which represents a 9.0% increase from 2008.
- ❑ Outstanding notes payable decreased from \$167,328 to \$143,856 through the payment of note principal.

Reporting the School District as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2009?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include *all assets and liabilities*, excluding fiduciary funds, using the *accrual basis of accounting* similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

Green Local School District (Wayne County, Ohio)

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009
(Unaudited)*

Reporting the School District's Most Significant Funds

Fund Financial Statements

Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's only major governmental fund is the general fund.

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

The School District as a Whole

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

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

**(Table 1)
Net Assets**

	Governmental Activities	
	2009	2008
Assets		
Current and Other Assets	\$ 5,414,355	\$ 4,986,559
Capital Assets	2,785,093	2,787,961
Total Assets	<u>8,199,448</u>	<u>7,774,520</u>
Liabilities		
Long-Term Liabilities	1,059,799	1,008,764
Other Liabilities	4,715,996	4,543,011
Total Liabilities	<u>5,775,795</u>	<u>5,551,775</u>
Net Assets		
Invested in Capital		
Assets, Net of Debt	2,582,578	2,497,650
Restricted	257,719	313,773
Unrestricted (Deficit)	(416,644)	(588,678)
Total Net Assets	<u>\$ 2,423,653</u>	<u>\$ 2,222,745</u>

Green Local School District (Wayne County, Ohio)

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2009

(Unaudited)

Total assets increased by \$424,928, primarily due to an increase in cash due to cutbacks.

Total liabilities increased by \$224,020, this increase was caused primarily by an increase in accrued wages and compensated absences.

Table 2 shows the changes in net assets for fiscal year 2009 and 2008. This will enable the reader to draw further conclusion about the School District's financial status and possible future outcomes.

(Table 2)
Changes in Net Assets

	Governmental Activities	
	2009	2008
Revenues		
<i>Program Revenues:</i>		
Charges for Services	\$ 1,129,884	\$ 862,185
Operating Grants	647,227	570,011
<i>General Revenue:</i>		
Property Taxes	3,746,754	4,095,193
Grants and Entitlements, not restricted	6,153,747	6,055,192
Other	99,206	377,083
<i>Total Revenues</i>	11,776,818	11,959,664
Program Expenses		
Instruction	6,737,021	6,550,598
Support Services	3,933,629	3,492,761
Extracurricular Activities	508,036	434,254
Interest and Fiscal Charges	28,976	21,204
Food Services	321,270	352,130
Uniform School Supplies	46,978	52,636
<i>Total Expenses</i>	11,575,910	10,903,583
Increase in Net Assets	\$ 200,908	\$ 1,056,081

Green Local School District (Wayne County, Ohio)

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009
(Unaudited)*

Governmental Activities

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

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

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements. All governmental activity had total revenues of \$11.8 million and expenses of \$11.3 million.

**(Table 3)
Governmental Activities**

	2009		2008	
	Total Cost of Service	Net Cost of Service	Total Cost of Service	Net Cost of Service
Instruction	\$ 6,737,021	\$ (5,701,138)	\$ 6,550,598	\$ (5,862,599)
Support Services:				
Pupil and Instructional Staff	651,199	(569,734)	544,109	(389,465)
Board of Education, Administration, and Fiscal	1,460,772	(1,432,578)	1,299,129	(1,033,162)
Operation and Maintenance of Plant	1,062,939	(1,062,939)	996,012	(996,012)
Pupil Transportation and Central	758,719	(737,840)	653,511	(867,948)
Extracurricular Activities	508,036	(301,839)	434,254	(324,296)
Interest Charges	28,976	(28,976)	21,204	(21,204)
Food Service Operations	321,270	24,367	352,130	15,177
Uniform Supplies	46,978	11,878	52,636	8,122
Total	<u>\$ 11,575,910</u>	<u>\$ (9,798,799)</u>	<u>\$ 10,903,583</u>	<u>\$ (9,471,387)</u>

Property taxes made up 31.8% of total revenues for governmental activities for Green Local School District in fiscal year 2009. Program revenues for governmental activities provided 15% of governmental revenues with over 85% of all governmental activities supported through property taxes, grants and entitlements, and other general revenues. The 52.3% provided by the grants and entitlements portion of general revenues includes monies received from the Ohio Department of Education State Foundation Program, and property tax relief such as the homestead exemptions and rollbacks provided by HB920. The community, through its willingness to provide property tax revenues and educational support for students, is a strong supporter for Green Local School District students, but this low wealth district depends heavily on financial support from the State of Ohio through its basic per pupil and Parity Aide funding.

Green Local School District (Wayne County, Ohio)

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009
(Unaudited)*

General Fund Budgeting Highlights

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

During the course of fiscal year 2009, there were minor amendments to the School District's total general fund budget. The School District uses site-based budgeting and the budgeting system which are designed to tightly control total site budgets but provide flexibility for site management.

For the general fund, final budgeted revenues and other financing sources were \$10.6 million, above original budget estimates of \$10.4 million. The actual revenues and other financing sources were \$10.6 million, which was in line with the final budget.

General fund original appropriations and other financing uses of \$10.3 million were not significantly changed during the year. The actual budget basis expenditures and other financing uses for fiscal year 2009 totaled \$10.0 million. The actual expenditures were comparable to final budget expenditures.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2009, the School District had approximately \$2.8 million invested in land, construction in progress, land improvements, buildings and improvements, furniture and equipment, and vehicles. Table 4 shows fiscal year 2009 and 2008 balances net of depreciation.

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

	Governmental Activities	
	2009	2008
Land	\$ 66,992	\$ 66,992
Construction in Progress	42,670	0
Land Improvements	98,583	39,618
Buildings and Improvements	1,818,777	1,887,643
Furniture and Equipment	346,930	376,653
Vehicles	411,141	417,055
Totals	<u>\$ 2,785,093</u>	<u>\$ 2,787,961</u>

The \$2,868 decrease in capital assets was attributable to depreciation expense exceeding additional purchases during the fiscal year. See Note 8 for additional information regarding capital assets.

Green Local School District (Wayne County, Ohio)

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2009
(Unaudited)*

Debt

At June 30, 2009, the School District had \$143,856 in notes outstanding with \$24,851 due within one year. During fiscal year 2009, \$23,472 of notes were retired. Table 5 summarizes notes outstanding.

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

	<u>2009</u>	<u>2008</u>
General Obligation Notes: Energy Conservation	<u>\$ 143,856</u>	<u>\$ 167,328</u>

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

Current Issues

Through the implementation of a strategic planning initiative, Green Local Schools' administration, teaching and non-teaching staff, parents, students and community partners have embraced the vision to become the "school system of choice" for all students. The district's mission reflects the partnership with families and community to prepare students for lifelong personal development.

The following goals will drive the decision making process in the district:

- Green Local Schools will annually examine current educational programming utilizing data analysis, review best practices and implement appropriate changes;
- Green Local Schools will hire, maintain and retain high quality employees;
- The school district will establish communication among all stakeholders to achieve at least a 75% (revised annually) satisfaction rating;
- Green Local will achieve financial stability through the appropriate use of human and other resources while remaining educationally sound;
- The district will develop a facilities plan by June 2009.

The district is utilizing the above goals and related action plan steps to continue the process of being at the forefront of education in Wayne County. Through grant dollars, community donations and general fund dollars, the district has purchased 40 Smartboards to be used by teachers and students in classrooms. The district initiated a "content management" website which allows for better continuity of each building's presence on the web, posting of information for the community and gaining stakeholder feedback. The district is at the forefront of using "Smoodle", a web link for teachers to post files, messages, homework assignments, blogs, quizzes, and more, for student access on the web. Parents are encouraged to view their students' progress and grades through online access of ProgressBook. Workbook fees can now be paid by parents over the Internet using EZpay. Central office records are being stored electronically through the use of scanners and records imaging software.

The 2008-2009 report card, as reported by the Ohio Department of Education, shows Green Local Schools as "Effective" having achieved 28 out of 30 indicators with a Performance Index of 99.2%. While the district's overall rating did not change from 2007-08 school year, there were several areas of significant gains that are directly related to students, parents, teachers and administrators that place a high value on educational standards.

Green Local School District (Wayne County, Ohio)

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2009

(Unaudited)

The 2009 school year ended with the district achieving a financial indicator of slightly more than thirty days of cash on hand in the general fund. This is a significant milestone the district would not have been achieved without cost containment measures made by the administration and the additional revenues from a renewed emergency levy passed in 2007. Other efforts to reduce costs in the past year include joining several school district consortiums to take advantage of group rates for the purchase of natural gas, liability, fleet & property insurance, school buses and life insurance. Green Local Schools is a member of the Portage Area Schools Consortium for group health related benefits. The consortium reduced rates in 2008-09 by 25%. This savings was passed on to member districts in the form of reduced monthly premiums. Overall, average daily expenditures in 2009 were lower than the previous two years.

State funding of public education continues to be problematic. The district faces declining enrollment of resident students while incoming open enrollment of students has increased slightly.

This has caused the district to become reliant on the state's "transitional aid" guarantee, which maintains the state's funding at 2008 levels. The district will need to find alternative revenue sources and continue to reduce expenditures in order to maintain the current levels of educational programming.

The Green Local Board of Education, with the support of the strategic plan management team, has decided to go forth with the Ohio Schools Facilities Project which would provide new school buildings for all grade levels in the district. The state's share, 65%, represents \$22,956,884 while the district's share will be \$12,361,399 excluding local initiatives. The district's plan will be to place a bond issue on the ballot to the district's voters once the district has confirmed passage of the emergency levy on the November 2009 ballot.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Judy Robinson, Treasurer of Green Local School District, Post Office Box 438, Smithville, OH 44677.

Green Local School District (Wayne County, Ohio)

Statement of Net Assets

June 30, 2009

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 1,549,109
Receivables:	
Taxes	3,786,738
Accounts	529
Intergovernmental	77,979
Nondepreciable Capital Assets	109,662
Depreciable Capital Assets (Net)	<u>2,675,431</u>
<i>Total Assets</i>	<u><u>8,199,448</u></u>
Liabilities	
Accounts Payable	18,830
Accrued Wages and Benefits	887,407
Vacation Benefits Payable	38,887
Matured Compensated Absences Payable	86,298
Intergovernmental Payable	304,443
Deferred Revenue	3,380,131
Long Term Liabilities:	
Due Within One Year	116,748
Due In More Than One Year	<u>943,051</u>
<i>Total Liabilities</i>	<u><u>5,775,795</u></u>
Net Assets	
Invested in Capital Assets, Net of Related Debt	2,582,578
Restricted for:	
Capital Projects	152,328
Other Purposes	105,391
Unrestricted	<u>(416,644)</u>
<i>Total Net Assets</i>	<u><u>\$ 2,423,653</u></u>

See accompanying notes to the basic financial statements.

Green Local School District (Wayne County, Ohio)

Statement of Activities

For the Fiscal Year Ended June 30, 2009

	Expenses	Program Revenues		Net (Expense)
		Charges for Services and Sales	Operating Grants and Contributions	Revenue and Changes In Net Assets
				Governmental Activities
Governmental Activities				
Instruction:				
Regular	\$ 4,968,532	\$ 640,201	\$ 53,558	\$ (4,274,773)
Special	901,206	0	303,654	(597,552)
Vocational	218,691	0	38,470	(180,221)
Other	648,592	0	0	(648,592)
Support Services:				
Pupils	326,790	0	71,142	(255,648)
Instructional Staff	324,409	0	10,323	(314,086)
Board of Education	53,218	0	0	(53,218)
Administration	1,088,632	0	28,194	(1,060,438)
Fiscal	318,458	0	0	(318,458)
Business	464	0	0	(464)
Operation and Maintenance of Plant	1,062,939	0	0	(1,062,939)
Pupil Transportation	657,349	0	8,879	(648,470)
Central	101,370	0	12,000	(89,370)
Food Service Operations	321,270	238,630	107,007	24,367
Uniform Supplies	46,978	58,856	0	11,878
Extracurricular Activities	508,036	192,197	14,000	(301,839)
Debt Service:				
Interest and Fiscal Charges	28,976	0	0	(28,976)
Total Governmental Activities	\$ 11,575,910	\$ 1,129,884	\$ 647,227	(9,798,799)
General Revenues				
Property Taxes Levied for:				
General Purposes				3,568,437
Capital Outlay				178,317
Grants and Entitlements not Restricted to Specific Programs				6,153,747
Investment Earnings				27,918
Miscellaneous				71,288
Total General Revenues				<u>9,999,707</u>
Change in Net Assets				200,908
Net Assets Beginning of Year				<u>2,222,745</u>
Net Assets End of Year				<u>\$ 2,423,653</u>

See accompanying notes to the basic financial statements.

Green Local School District (Wayne County, Ohio)

*Balance Sheet
Governmental Funds
June 30, 2009*

	General	Other Governmental Funds	Total Governmental Funds
Assets			
Equity in Pooled Cash and Cash Equivalents	\$ 1,190,056	\$ 359,053	\$ 1,549,109
Receivables:			
Taxes	3,601,922	184,816	3,786,738
Accounts	10	519	529
Interfund	24,738	0	24,738
Intergovernmental	0	77,979	77,979
<i>Total Assets</i>	<u>\$ 4,816,726</u>	<u>\$ 622,367</u>	<u>\$ 5,439,093</u>
Liabilities and Fund Balances			
Liabilities			
Accounts Payable	\$ 14,700	\$ 4,130	\$ 18,830
Accrued Wages and Benefits	850,677	36,730	887,407
Vacation Benefits Payable	38,887	0	38,887
Matured Compensated Absences Payable	86,298	0	86,298
Interfund Payable	0	24,738	24,738
Intergovernmental Payable	292,464	11,979	304,443
Deferred Revenue	3,305,413	245,926	3,551,339
<i>Total Liabilities</i>	<u>4,588,439</u>	<u>323,503</u>	<u>4,911,942</u>
Fund Balances			
Reserved for Encumbrances	49,040	70,404	119,444
Reserved for Tax Revenue Unavailable for Appropriation	296,509	11,491	308,000
Unreserved:			
Undesignated, Reported in:			
General Fund	(117,262)	0	(117,262)
Special Revenue Funds	0	129,031	129,031
Capital Projects Funds	0	87,938	87,938
<i>Total Fund Balances</i>	<u>228,287</u>	<u>298,864</u>	<u>527,151</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 4,816,726</u>	<u>\$ 622,367</u>	<u>\$ 5,439,093</u>

See accompanying notes to the basic financial statements.

Green Local School District (Wayne County, Ohio)
*Reconciliation of Total Governmental Fund Balances to
 Net Assets Governmental Activities
 June 30, 2009*

Total Governmental Fund Balances	\$	527,151
 <i>Amounts reported for governmental activities in the statement of net assets are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore, are not reported in the funds.		2,785,093
Other long-term assets are not available to pay for current-period expenditures and therefore, are deferred in the funds.		
Grants	\$ 72,601	
Delinquent Property Taxes	98,607	171,208
Long-term liabilities, including notes payable, are not due and payable in the current period and therefore, are not reported in the funds.		
Notes Payable	(143,856)	
Capital Lease Payable	(58,659)	
Compensated Absences	(857,284)	(1,059,799)
 Net Assets of Governmental Activities	 \$	 <u><u>2,423,653</u></u>

See accompanying notes to the basic financial statements.

Green Local School District (Wayne County, Ohio)
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2009

	General	Other Governmental Funds	Total Governmental Funds
Revenues:			
Taxes	\$ 3,532,982	\$ 177,692	\$ 3,710,674
Intergovernmental	6,188,860	524,857	6,713,717
Investment Income	25,711	2,207	27,918
Tuition and Fees	578,137	59,738	637,875
Extracurricular Activities	0	251,800	251,800
Rentals	1,530	0	1,530
Charges for Services	10	238,669	238,679
Gifts and Donations	6,993	28,154	35,147
Miscellaneous	45,094	13,201	58,295
<i>Total Revenues</i>	<u>10,379,317</u>	<u>1,296,318</u>	<u>11,675,635</u>
Expenditures:			
Current:			
Instruction:			
Regular	4,669,529	151,791	4,821,320
Special	657,056	234,818	891,874
Vocational	204,576	4,419	208,995
Other	648,281	0	648,281
Support Services:			
Pupils	243,187	71,717	314,904
Instructional Staff	305,362	13,382	318,744
Board of Education	45,618	7,600	53,218
Administration	1,031,656	26,240	1,057,896
Fiscal	313,167	3,424	316,591
Business	464	0	464
Operation and Maintenance of Plant	854,531	5,029	859,560
Pupil Transportation	638,424	6,559	644,983
Central	89,224	12,000	101,224
Food Service Operations	0	321,468	321,468
Uniform Supplies	0	46,978	46,978
Extracurricular Activities	295,426	212,502	507,928
Capital Outlay	45,494	245,313	290,807
Debt Service:			
Principal Retirement	47,928	39,868	87,796
Interest and Fiscal Charges	18,948	10,028	28,976
<i>Total Expenditures</i>	<u>10,108,871</u>	<u>1,413,136</u>	<u>11,522,007</u>
<i>Net Change in Fund Balance</i>	270,446	(116,818)	153,628
<i>Fund Balance (Deficit) at Beginning of Year</i>	<u>(42,159)</u>	<u>415,682</u>	<u>373,523</u>
<i>Fund Balance at End of Year</i>	<u>\$ 228,287</u>	<u>\$ 298,864</u>	<u>\$ 527,151</u>

See accompanying notes to the basic financial statements.

Green Local School District (Wayne County, Ohio)
Reconciliation of the Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2009

Net Change in Fund Balances - Total Governmental Funds	\$	153,628
 <i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
 Governmental funds report capital outlays as expenditures, however, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded capital assets additions in the current period.		
Capital Asset Additions	\$ 188,613	
Current Year Depreciation	<u>(191,481)</u>	(2,868)
 Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Grants	65,103	
Delinquent Property Taxes	<u>36,080</u>	101,183
 Repayment of debt principal and capital leases is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets.		
Note Principal	23,472	
Capital Leases	<u>64,324</u>	87,796
 Some expenses reported in the statement of activities do not use the current financial resources and therefore, are not reported as expenditures in governmental funds.		
(Increase)/Decrease in Compensated Absences		<u>(138,831)</u>
 Change in Net Assets of Governmental Activities	 \$	 <u><u>200,908</u></u>

See accompanying note to the basic financial statements.

Green Local School District (Wayne County)
*Statement of Revenues, Expenditures, and Changes in Fund Balance -
 Budget (Non-GAAP Basis) and Actual
 General Fund
 For the Fiscal Year Ended June 30, 2009*

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes	\$ 3,618,053	\$ 3,618,053	\$ 3,702,540	\$ 84,487
Intergovernmental	6,088,767	6,310,889	6,188,860	(122,029)
Investment Income	25,295	26,218	25,711	(507)
Tuition and Fees	568,787	589,536	578,137	(11,399)
Rentals	1,505	1,560	1,530	(30)
Miscellaneous	51,245	53,114	52,087	(1,027)
<i>Total Revenues</i>	10,353,652	10,599,370	10,548,865	(50,505)
Expenditures:				
Current:				
Instruction	6,253,672	6,253,878	6,109,242	144,636
Support Services:				
Pupils	242,406	242,414	237,482	4,932
Instructional Staff	289,133	289,143	283,235	5,908
Board of Education	51,681	51,682	50,631	1,051
Administration	1,038,773	1,038,808	1,015,999	22,809
Fiscal	311,821	311,832	305,284	6,548
Operation and Maintenance of Plant	904,755	904,784	861,829	42,955
Pupil Transportation	713,320	713,343	690,899	22,444
Central	91,081	91,084	89,231	1,853
Extracurricular Activities	298,147	298,157	292,091	6,066
Capital Outlay	66,852	66,854	65,494	1,360
<i>Total Expenditures</i>	10,261,641	10,261,979	10,001,417	260,562
Excess of Revenues Over (Under) Expenditures	92,011	337,391	547,448	210,057
Other Financing Sources (Uses):				
Refund of Prior Year Expenditures	246	255	250	(5)
Advances In	14,312	14,834	14,547	(287)
Advances Out	(25,251)	(25,252)	(24,738)	514
<i>Total Other Financing Sources (Uses)</i>	(10,693)	(10,163)	(9,941)	222
<i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>	81,318	327,228	537,507	210,279
<i>Fund Balance at Beginning of Year</i>	542,171	542,171	542,171	0
Prior Year Encumbrances Appropriated	52,870	52,870	52,870	0
<i>Fund Balance at End of Year</i>	\$ 676,359	\$ 922,269	\$ 1,132,548	\$ 210,279

See accompanying notes to the basic financial statements.

Green Local School District (Wayne County, Ohio)
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2009

	<u>Agency</u>
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 60,565
Accounts Receivable	160
<i>Total Assets</i>	<u>\$ 60,725</u>
Liabilities	
Accounts Payable	\$ 1,320
Undistributed Monies	59,405
<i>Total Liabilities</i>	<u>\$ 60,725</u>

See accompanying notes to the basic financial statements.

Green Local School District (Wayne County, Ohio)

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009*

Note 1 – Description of the School District

The Green Local School District (the "School District") is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The School District is a local district as defined by Section 3311.03 of the Ohio Revised Code. The School District operates under a locally-elected five member board form of government and provides educational services as authorized and mandated by state and federal agencies. Average daily membership on, or as of, October 1, 2008, was 1,243. The School District employs 93 certificated and 54 non-certificated employees.

Reporting Entity

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

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

Management believes the financial statements included in the report represent all of the funds of the School District over which the School District has the ability to exercise direct operating control.

Note 2 - Summary of Significant Accounting Policies

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

Implementation of New Accounting Policies

For the year ended June 30, 2009, the School District has implemented GASB Statement No. 52, "*Land and Other Real Estate Held as Investments by Endowments*", GASB Statement No. 55, "*The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*", and GASB Statement No. 56, "*Codification of Accounting and Financial Reporting Guidance Contained in the AICPA Statements on Auditing Standards*".

Green Local School District (Wayne County, Ohio)

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009*

GASB Statement No. 52 establishes consistent standards for the reporting of land and other real estate held as investments by essentially similar entities. It requires endowments to report their land and other real estate investments at fair value. Governments also are required to report the changes in fair value as investment income and to disclose the methods and significant assumptions employed to determine fair value, and other information that they currently present for other investments reported at fair value.

GASB Statement No. 55 incorporates the hierarchy of generally accepted accounting principles (GAAP) for state and local governments into the Governmental Accounting Standards Board's (GASB) authoritative literature.

GASB Statement No. 56 incorporates into the Governmental Accounting Standards Board's (GASB) authoritative literature certain accounting and financial reporting guidance presented in the American Institute of Certified Public Accountants' Statements on Auditing Standards.

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

A. Basis of Presentation

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

Government-wide Financial Statements The statement of net assets and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The effect of interfund activity within governmental type activities columns has been removed from these statements.

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

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

Green Local School District (Wayne County, Ohio)

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2009

B. Fund Accounting

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

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

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

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

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

C. Measurement Focus

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

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

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

Green Local School District (Wayne County, Ohio)

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2009

D. Basis of Accounting

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

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

Nonexchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. (See Note 6). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

Deferred Revenue Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2009, but which were levied to finance fiscal year 2010 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

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

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

Green Local School District (Wayne County, Ohio)

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009*

E. Cash and Cash Equivalents

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

During fiscal year 2009, investments were limited to State Treasury Asset Reserve of Ohio (STAROhio).

STAROhio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price, which is the price the investment could be sold for on June 30, 2009.

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

Following Ohio statutes, the Board of Education has, by resolution, identified the funds to receive an allocation of interest. Interest revenue credited to the general fund during fiscal year 2009 amounted to \$25,711, which includes \$7,783 assigned from other School District funds.

F. Restricted Assets

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

G. Capital Assets

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

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

Green Local School District (Wayne County, Ohio)

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2009

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

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	15 Years
Buildings and Improvements	10 - 50 Years
Furniture and Equipment	5 - 20 Years
Vehicles	10 -15 Years

H. Compensated Absences

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

Sick leave benefits are accrued as a liability using the termination method. An accrual for earned sick leave is made to the extent that it is probable that benefits will result in termination payments. The liability is an estimate based on the School District's past experience of making termination payments.

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

I. Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

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

J. Net Assets

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

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

Green Local School District (Wayne County, Ohio)

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2009

K. Fund Balance Reserves

The School District reserves those portions of fund equity which are legally segregated for specific future use or which do not represent available expendable resources and therefore are not available for appropriations for expenditures. Unreserved fund balance indicates that portion of fund equity, which is available for appropriation, in future periods. Fund balance reserves are established for encumbrances and property taxes. The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriations under State statute.

L. Interfund Activity

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

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

M. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal 2009.

N. Estimates

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

O. Budgetary Data

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

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2009.

Green Local School District (Wayne County, Ohio)

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009*

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

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

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

Note 3 – Accountability and Compliance

A. Accountability

Fund balances/net assets at June 30, 2009, included the following individual fund deficits:

	<u>Fund Balance</u>
Nonmajor Governmental Funds:	
Other Grants	\$ 221
Management Information System	34
Vocational Education Enhancement	3,626
IDEA	14,890
Title I	5,511
Improving Teacher Quality	1,055

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

Note 4 – Budgetary Basis of Accounting

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

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).

Green Local School District (Wayne County, Ohio)

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2009

3. Encumbrances are treated as expenditures (budget) rather than as a reservation of fund balance (GAAP).

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

Net Change in Fund Balance

	<u>General</u>
GAAP Basis	\$ 270,446
Net Adjustment for Revenue Accruals	184,345
Net Adjustment for Expenditure Accruals	140,223
Adjustment for Encumbrances	<u>(57,507)</u>
Budget Basis	<u>\$ 537,507</u>

Note 5 – Deposits and Investments

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

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

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

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

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

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

1. United States Treasury bills, notes, bonds, or any other obligations or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or other obligations or securities issued by any federal government agency or instrumentality;

Green Local School District (Wayne County, Ohio)

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2009

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

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

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

Deposits - At fiscal year-end, the carrying amount of the School District's deposits was \$444,313 and the bank balance was \$607,795. Of the bank balance:

1. \$250,000 was covered by federal depository insurance.
2. \$357,795 was uninsured and uncollateralized. Although the securities serving as collateral were held by the pledging institution in the pledging institution's name, and all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the District to a successful claim by the FDIC.

Investments – Investments are reported at fair value. STAROhio is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form. As of June 30, 2009, the School District had the following investments and maturity:

Green Local School District (Wayne County, Ohio)

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009*

<u>Rating by Standard and Poor</u>	<u>Entity</u>	<u>Fair Value</u>	<u>Investment Maturities in months (0-6)</u>	<u>Percentage of Total Investment</u>
AAAm	STAROhio	\$ 1,165,361	\$ 1,165,361	100.00%

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

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

Credit Risk – The School District’s investment credit ratings are summarized above.

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

Note 6 - Property Taxes

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

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

Public utility property tax revenue received in calendar year 2009 represents collections of calendar year 2008 taxes. Public utility property taxes attached as a lien on December 31 of the prior year, were levied April 1 and are collected with real property taxes. All property is required to be revalued every six years. Public utility property taxes are assessed at 35% of true value and public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenue received during calendar 2009 (other than public utility property) represents the collection of 2010 taxes. Tangible personal property taxes received in calendar year 2009 were levied after April 1, 2009 on the value as of December 31, 2009. For 2009, tangible personal property is assessed at 0.000 % of true value for property including inventory. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

Green Local School District (Wayne County, Ohio)

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2009

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

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

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

The amount available as an advance at year-end was \$296,509 in the general fund and \$11,491 in the capital project funds and is recognized as revenue on the fund financial statements.

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

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

	2008 First Half Collections		2009 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$ 118,200,460	93.78%	\$ 129,358,999	97.27%
Public Utility	70,870	0.06%	79,560	0.06%
Tangible Personal Property	7,761,630	6.16%	3,548,840	2.67%
	<u>\$ 126,032,960</u>	<u>100.00%</u>	<u>\$ 132,987,399</u>	<u>100.00%</u>

Note 7 - Receivables

Receivables at June 30, 2009, consisted of taxes, accounts (rent and student fees), interfund, and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds.

Intergovernmental receivables as of June 30, 2009:

Other Grants	\$ 5,378
IDEA	13,963
Title I	57,705
Title V	362
Drug Free Schools	571
	<u>\$ 77,979</u>

Green Local School District (Wayne County, Ohio)

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2009

Note 8 – Capital Assets

Capital asset activity for the fiscal year ended June 30, 2009, was as follows:

	<u>Balance</u> 6/30/08	<u>Additions</u>	<u>Reductions</u>	<u>Balance</u> 6/30/09
Governmental Activities				
<i>Capital Assets, not being depreciated:</i>				
Land	\$ 66,992	\$ 0	\$ 0	\$ 66,992
Construction in Progress	0	42,670	0	42,670
Total Capital Assets, not being depreciated	<u>66,992</u>	<u>42,670</u>	<u>0</u>	<u>109,662</u>
 <i>Capital Assets, being depreciated:</i>				
Land Improvements	378,022	62,775	0	440,797
Buildings and Improvements	3,760,353	0	0	3,760,353
Furniture and Equipment	1,444,262	11,333	0	1,455,595
Vehicles	943,803	71,835	0	1,015,638
Total Capital Assets, being depreciated	<u>6,526,440</u>	<u>145,943</u>	<u>0</u>	<u>6,672,383</u>
 Less Accumulated Depreciation:				
Land Improvements	(338,404)	(3,810)	0	(342,214)
Buildings and Improvements	(1,872,710)	(68,866)	0	(1,941,576)
Furniture and Equipment	(1,067,609)	(41,056)	0	(1,108,665)
Vehicles	(526,748)	(77,749)	0	(604,497)
Total Accumulated Depreciation	<u>(3,805,471)</u>	<u>(191,481)</u>	<u>0</u>	<u>(3,996,952)</u>
 Total Capital Assets being depreciated, net	 <u>2,720,969</u>	 <u>(45,538)</u>	 <u>0</u>	 <u>2,675,431</u>
 Governmental Activities Capital Assets, Net	 <u>\$ 2,787,961</u>	 <u>\$ (2,868)</u>	 <u>\$ 0</u>	 <u>\$ 2,785,093</u>

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$ 69,905
Special	544
Vocational	3,574
Support Services:	
Pupils	1,462
Instructional Staff	580
Administration	16,181
Fiscal	506
Operation and Maintenance of Plant	17,350
Pupil Transportation	77,749
Central	146
Extracurricular Activities	2,301
Food Service Operations	1,183
	<u>\$ 191,481</u>

Green Local School District (Wayne County, Ohio)

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009*

Note 9 Risk Management

A. Property and Liability

The School District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The School District has a comprehensive property and casualty policy with Ohio School Plans. The deductible is \$1,000 per incident on property and equipment. All vehicles are also insured with the Ohio School Plans and have a \$1,000 deductible. All board members, administrators, and employees are covered under a school district liability policy with the Ohio School Plans. The limits of this coverage are \$3,000,000 per occurrence and \$5,000,000 per aggregate. Settled claims have not exceeded this commercial coverage in any of the past three years. All the board members and the superintendent have a \$20,000 position bond with the Travelers Casualty and Surety Company of America. There has been no significant reductions in insurance coverage from the prior year.

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

B. Workers' Compensation

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

C. Employee Medical Benefits

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

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

Green Local School District (Wayne County, Ohio)

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009*

Note 10 - Pension Plans

A. School Employees Retirement System

Plan Description - The School District contributes to the School Employees Retirement System of Ohio (“SERS”), a cost-sharing multiple employer pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling toll free (800) 878-5853. It is also posted on SERS’ website at www.ohsers.org under Employers/Audit Resources.

Funding Policy - Plan members are required to contribute 10% of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14% of annual covered payroll. A portion of the School District’s contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2009, 9.09% of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS’ Retirement Board up to a statutory maximum amount of 10% for plan members and 14% for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The School District’s required contributions for pension obligations to SERS for the fiscal years ended June 30, 2009, 2008 and 2007 were \$119,802, \$119,250 and \$148,729, respectively; 36% has been contributed for fiscal year 2009 and 100% for the fiscal years 2008 and 2007.

B. State Teachers Retirement System

Plan Description - The School District participates in the State Teachers Retirement System of Ohio (“STRS Ohio”), a cost-sharing, multiple employer public employee retirement plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Ohio Web site at www.strsoh.org.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on a member’s lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5% of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

Green Local School District (Wayne County, Ohio)

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2009

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

Funding Policy - For the fiscal year ended June 30, 2009, plan members were required to contribute 10% of their annual covered salaries. The School District was required to contribute 14%; 13% was the portion used to fund pension obligations. For fiscal year 2008, the portion used to fund pension obligations was also 13%. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2009, 2008, and 2007 were \$617,208 \$621,239 and \$647,258, respectively; 83% has been contributed for fiscal year 2009 and 100% for fiscal years 2008 and 2007. Contributions to the DC and Combined Plans for fiscal year 2009 were \$629 made by the School District and \$22,172 made by the plan members.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2009, all members of the Board of Education have elected Social Security. The Board's liability is 6.2% of wages paid.

Note 11 - Postemployment Benefits

A. School Employees Retirement System

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

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14% of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For 2009, 4.16% of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2009, this amount was \$35,800.

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

Green Local School District (Wayne County, Ohio)

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009*

The School District's contributions for health care for the fiscal years ended June 30, 2009, 2008, and 2007 were \$54,827, \$54,418 and \$47,627, respectively; 36% has been contributed for fiscal year 2009 and 100% for fiscal years 2008 and 2007.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2009, this actuarially required allocation was 0.75% of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2009, 2008, and 2007 were \$9,885, \$8,592 and \$9,191 respectively; 36% has been contributed for fiscal year 2009 and 100% for fiscal years 2008 and 2007.

B. State Teachers Retirement System

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

Funding Policy – Ohio law authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For 2009, STRS Ohio allocated employer contributions equal to 1 % of covered payroll to the Health Care Stabilization Fund. The School District's contributions for health care for the fiscal years ended June 30, 2009, 2008, and 2007 were \$47,478, \$47,788 and \$49,789, respectively; 83% has been contributed for fiscal year 2009 and 100% for fiscal years 2008 and 2007.

Note 12 – Other Employee Benefits

A. Life Insurance

The School District provides term life insurance to employees through Fort Dearborn Life Insurance Company in the amount of \$35,000 for all eligible employees, the treasurer has \$50,000 in coverage, and the superintendent has \$200,000 in coverage. Employees with less than an average 25-hour work week are eligible for \$17,500 term life insurance. Term life insurance is provided at a rate of \$.09/\$1,000/month.

B. Compensated Absences

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

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

Green Local School District (Wayne County, Ohio)

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009*

Note 13 - Long - Term Obligations

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

	Outstanding 6/30/2008	Additions	Reductions	Outstanding 6/30/2009	Due in One Year
Governmental Activities:					
Notes Payable:					
HB264 Energy Conservation-5.75%	\$ 167,328	\$ 0	\$ 23,472	\$ 143,856	\$ 24,851
Total Notes Payable	<u>167,328</u>	<u>0</u>	<u>23,472</u>	<u>143,856</u>	<u>24,851</u>
Compensated Absences	718,453	277,933	139,102	857,284	70,246
Capital Leases	<u>122,983</u>	<u>0</u>	<u>64,324</u>	<u>58,659</u>	<u>21,651</u>
Total Governmental Activities					
Long-Term Liabilities	<u>\$ 1,008,764</u>	<u>\$ 277,933</u>	<u>\$ 226,898</u>	<u>\$ 1,059,799</u>	<u>\$ 116,748</u>

Notes payable will be paid from tax revenues in the permanent improvement fund. Compensated absences will be paid from the general fund and respective funds. Capital leases will be paid from the general fund and the capital improvement funds.

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

Principal and interest requirements to retire general obligation notes outstanding at June 30, 2009 are as follows:

Fiscal Year Ending June 30,	Notes Payable		Total
	Principal	Interest	
2010	\$ 24,851	\$ 7,744	\$ 32,595
2011	26,310	6,284	32,594
2012	27,845	4,750	32,595
2013	29,493	3,102	32,595
2014	31,225	1,370	32,595
2015	4,132	59	4,191
Total	<u>\$ 143,856</u>	<u>\$ 23,309</u>	<u>\$ 167,165</u>

Note 14 – Capitalized Leases

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

The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2009.

Green Local School District (Wayne County, Ohio)

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009*

Year	Amount
2010	\$ 26,703
2011	18,052
2012	18,052
2013	6,024
	68,831
Less amount representing interest	10,172
Present Value of Minimum Lease Payments	\$ 58,659

Note 15 - Interfund Transactions

The account balances by fund of “Interfund Receivable” and “Interfund Payable” as of June 30, 2009, are as follows:

Fund	Interfund Receivable	Interfund Payable
General Fund	\$ 24,738	\$ 0
Other Governmental Funds	0	24,738
	\$ 24,738	\$ 24,738

Interfund receivables and payables may result from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, or (3) payments between funds are made. The general fund advanced \$3,600 to the Vocational Agriculture Education fund, \$15,538 to Title I fund, and \$5,600 to the Local grant fund to cover operating expenses. As of June 30, 2009, all interfund payables outstanding are anticipated to be repaid in fiscal year 2010.

Transfers are used to (1) move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them, (2) move receipts restricted to debt service from the fund collecting the receipts to the debt service fund as debt service payments become due. There were no transfers in the fiscal year.

Note 16 - Jointly Governed Organizations

A. Tri-County Computer Services Association (TCCSA)

The Tri-County Computer Services Association (TCCSA) is a jointly governed organization comprised of 22 school districts. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions for member districts. Each of the governments of these districts supports TCCSA based upon a per pupil charge dependent upon the software package utilized. The TCCSA council of governments consists of a superintendent or designated representative from each participating district and a representative from the fiscal agent. TCCSA is governed by an executive committee chosen from the general membership of the TCCSA council of governments. The executive committee consists of a representative from the fiscal agent, the chairman of each operating committee, and at least an assembly member from each county from which participating districts are located. Financial information can be obtained by contacting the Treasurer at the Ashland - Wayne County Education Services Center, which serves as fiscal agent, located at 2534 Burbank Road, Wooster, Ohio 44691. During the year ended June 30, 2009, the School District paid approximately \$67,117 to TCCSA for basic service charges.

Green Local School District (Wayne County, Ohio)

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2009*

Portage County School Consortium (the Consortium)

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

Note 17 - Contingencies

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

Note 18 - Set-Asides

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

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

	Capital Improvement Reserve	Textbook Instructional Materials Reserve
	<u> </u>	<u> </u>
Set-Aside Carryover Balance as of June 30, 2008	\$ 0	\$ (171,134)
Current Year Set-Aside Requirement	192,243	192,243
Qualifying Disbursements	(367,768)	(206,225)
Totals	<u>\$ (175,525)</u>	<u>\$ (185,116)</u>
Cash Balance Carried Forward FY 2010	<u>\$ 0</u>	<u>\$ (185,116)</u>
Amount to be Restricted for Set-Asides		<u>\$ 0</u>
Amount to Set-Aside		<u>\$ 0</u>

The School District had qualifying disbursements during the year that reduced the textbook reserve set-asides below zero. These extra amounts may be used to reduce the set-aside requirement in future fiscal years. Although the School District had qualifying disbursements during the fiscal year that reduced the set-aside amount below zero for the capital acquisition set-aside, this amount may not be used to reduce the set-aside requirement for future years.



Rea & Associates, Inc.
ACCOUNTANTS AND BUSINESS CONSULTANTS

122 4th St. NW | PO Box 1020
New Philadelphia, OH 44663-5120

December 14, 2009

To the Board of Education
Green Local School District
Smithville, OH 44677

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Green Local School District (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 December 14, 2009. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

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

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

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we noted certain control deficiencies that we have reported to management in a separate letter dated December 14, 2009.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standard*. However, we noted an immaterial instance of noncompliance that we have reported to management of the School District in a separate letter dated December 14, 2009.

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

Hea & Associates, Inc.



Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

122 4th St. NW | PO Box 1020
New Philadelphia, OH 44663-5120

December 14, 2009

To the Board of Education
Green Local School District
Smithville, OH 44677

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

Compliance

We have audited the compliance of Green Local School District (the "School District") with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2009. The School District's major federal programs are identified in the summary of auditor's results section of the accompanying *Schedule of Findings and Questioned Costs*. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the School District's management. Our responsibility is to express an opinion on the School District's compliance based on our audit.

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

In our opinion, the School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2009. However, we noted an immaterial instance of noncompliance that we have reported to management in a separate letter dated December 14, 2009.

Internal Control Over Compliance

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

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

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, we noted an instance of a control deficiency that we have reported to management in a separate letter dated December 14, 2009.

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

Hea & Associates, Inc.

GREEN LOCAL SCHOOL DISTRICT
WAYNE COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2009

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	CFDA Number	Grant Number	Federal Receipts	Non-Cash Receipts	Federal Disbursements	Non-Cash Disbursements
U. S. DEPARTMENT OF AGRICULTURE						
<i>Passed through Ohio Department of Education:</i>						
Nutrition Cluster:						
National School Lunch Program	10.555	2009	\$ 103,120	\$ 23,326	\$ 103,120	\$ 23,326
Special Milk Program for Children	10.556	2009	1,442		1,442	
Total - Nutrition Cluster			<u>104,562</u>	<u>23,326</u>	<u>104,562</u>	<u>23,326</u>
Total US Department of Agriculture			<u>104,562</u>	<u>23,326</u>	<u>104,562</u>	<u>23,326</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>						
<i>Passed through Ohio Department of Education:</i>						
Title 1, Part A	84.010	2008	33,333		23,487	
		2009	87,750		70,691	
Total Title I			<u>121,083</u>		<u>94,178</u>	
Title VI-B	84.027	2008	9,328		15,089	
		2009	211,467		208,293	
Total Title VI-B			<u>220,795</u>		<u>223,382</u>	
Title V	84.298	2008	0		120	
		2009	551		460	
Total Title V			<u>551</u>		<u>580</u>	
Safe, Drug-Free Schools & Communities Act Grant	84.186	2008	0		211	
		2009	2,275		1,423	
Total Safe, Drug-Free Schools			<u>2,275</u>		<u>1,634</u>	
Title II-D Technology	84.318	2009	1,111		1,111	
Title II-A	84.367	2008	727		11,231	
		2009	46,531		41,945	
Total Title II-A			<u>47,258</u>		<u>53,176</u>	
Total U. S. Department of Education Passed through Ohio Department of Education			<u>393,073</u>		<u>374,061</u>	
Total Federal Financial Assistance			<u>\$ 497,635</u>	<u>\$ 23,326</u>	<u>\$ 478,623</u>	<u>\$ 23,326</u>

See accompanying notes to schedule of expenditures of federal awards.

GREEN LOCAL SCHOOL DISTRICT
WAYNE COUNTY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2009

NOTE A: SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B: NUTRITION CLUSTER

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

Food Distribution Program nonmonetary assistance is reported in the schedule of expenditures of federal awards at the entitlement value of the commodities received and disbursed. At June 30, 2009, the School District had no significant food commodities inventory.

NOTE C: The School District generally must spend federal assistance within 15 months of receipt (funds must be obligated by June 30th and spent by September 30th). However, with the Ohio Department of Education's (ODE) approval, a School District can transfer unspent federal assistance to the succeeding year, thus allowing the School District a total of 27 months to spend the assistance. During fiscal year 2009, ODE authorized the following transfers:

CFDA Number	Program Title	Pass-Through Entity Number (or Grant Year)	Transfers Out	Transfers In
84.010	Title I	2008	\$ 11,285	
84.010	Title I	2009		\$ 11,285

GREEN LOCAL SCHOOL DISTRICT
WAYNE COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2009

1. SUMMARY OF AUDITOR'S RESULTS

A-133 Ref.
.505(d)

(d) (1) (i)	Type of Financial Statement Opinion	Unqualified
(d) (1) (ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d) (1) (ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d) (1) (iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
(d) (1) (iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d) (1) (iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d) (1) (v)	Type of Major Programs' Compliance Opinion	Unqualified
(d) (1) (vi)	Are there any reportable findings under Section .510(a) of Circular A-133?	No
(d) (1) (vii)	Major Programs (list): Nutrition Cluster Title VI-B	CFDA # 10.555 10.556 84.027
(d) (1) (viii)	Dollar Threshold: Type A/B Programs	Type A: >\$300,000 Type B: All others
(d) (1) (ix)	Low Risk Auditee?	No

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

NONE

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

NONE



Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

122 4th St. NW | PO Box 1020
New Philadelphia, OH 44663-5120

INDEPENDENT ACCOUNTANT'S REPORT ON APPLYING AGREED-UPON PROCEDURES

December 14, 2009

Green Local School District
Smithville, OH 44677

To the Board of Education:

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

Accordingly, we have performed the procedures enumerated below, which were agreed to by the Board, solely to assist the Board in evaluating whether Green Local School District (the School District 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 18, 2008.
2. We read the policy, noting it included 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;
 - (2) A definition of harassment, intimidation, or bullying that shall include the definition in division (A) of Ohio Rev. Code Section 3313.666;
 - (3) A procedure for reporting prohibited incidents;

- (4) A requirement that school personnel report prohibited incidents of which they are aware to the school principal or other administrator designated by the principal;
- (5) 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;
- (6) A procedure for documenting any prohibited incident that is reported;
- (7) A procedure for responding to and investigating any reported incident;
- (8) A strategy for protecting a victim from additional harassment, intimidation, or bullying, and from retaliation following a report;
- (9) 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;
- (10) 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 of Education and is not intended to be and should not be used by anyone other than these specified parties.

Hea & Associates, Inc.



Mary Taylor, CPA
Auditor of State

GREEN LOCAL SCHOOL DISTRICT
WAYNE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
FEBRUARY 11, 2010