

Green Local School District
Wayne County, Ohio

Audited Financial Statements

For the Fiscal Year Ended
June 30, 2012



Dave Yost • Auditor of State

Board of Education
Green Local School District
484 East Main Street
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, 2011 through June 30, 2012. 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.

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

Dave Yost
Auditor of State

January 14, 2013

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GREEN LOCAL SCHOOL DISTRICT (WAYNE COUNTY)

**For the Fiscal Year Ended June 30, 2012
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December 6, 2012

To the Board of Education
Green Local School District
484 East Main Street
Smithville, Ohio 44677

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, Wayne County, Ohio (the "School District"), as of and for the year ended June 30, 2012, 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.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School District, as of June 30, 2012, and the respective changes in modified cash financial position, thereof and the budgetary comparison for the General Fund thereof for the year then ended in conformity with the accounting basis Note 2 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 6, 2012 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.

We conducted our audit to opine on the School District's financial statements taken as a whole. Management's Discussion & Analysis includes tables of net assets, changes in net assets, governmental activities and long term debt. The schedule of expenditures of federal awards is required by the U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These tables and the schedule of expenditures of federal awards provide additional information, but are not part of the basic financial statements. However these tables and the schedule of expenditures of federal awards are management's responsibility, and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. These tables and the schedule of expenditures of federal awards were subject to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, in accordance with auditing standards generally accepted in the United States of America. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole. Other than the aforementioned procedures applied to the tables, we applied no procedures to any other information in Management's Discussion & Analysis, and we express no opinion or any other assurance on it.

Rea & Associates, Inc.

Green Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012

The discussion and analysis of the Green Local School District's (the "School District") financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2012. 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 to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2012 are as follows:

- In total, net assets increased \$7,710,958, mostly due to the receipt of capital grants for the Ohio School Facilities Commission ("OSFC") project that had minimal expenditures to offset the receipts during the 2012 fiscal year.
- Outstanding debt decreased from \$13,239,371 to \$12,964,336 through principal payments made during the current year.

Using this Annual Report

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the Green Local School District as a whole, entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The *Statement of Net Assets* and *Statement of Activities* provide information about the activities of the whole School District. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other non-major funds presented in total in one column. For fiscal year 2012, the general fund and classroom facilities fund are the School District's most significant funds.

Basis of Accounting

The School District has elected to present its financial statements on the modified cash basis of accounting. This modified cash basis of accounting is a comprehensive basis of accounting other than generally accepted accounting principles. The modified cash basis of accounting involves the measurement of cash and cash equivalents and changes in cash and cash equivalents resulting from cash receipt and disbursement transactions.

Essentially, the only assets reported on this strictly cash receipt and disbursement basis presentation in a statement of net assets will be cash and cash equivalents. The statement of activities reports cash receipts and disbursements, or in other words, the sources and uses of cash and cash equivalents. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the modified cash basis of accounting.

Green Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012

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 2012?" The statement of net assets and the statement of activities answer this question.

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, governmental activities include the School District's programs and services, including instruction, support services, extracurricular activities and food service operations.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins on page 8. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds include the general fund and the classroom facilities 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 the modified cash basis of accounting. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps determine whether there are more or less financial resources that can be spent in the near future to finance educational programs.

Reporting the School District's Fiduciary Responsibilities

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

Green Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012

The School District as a Whole

Table 1 provides a summary of the School District's net assets for fiscal year 2012 compared to 2011.

(Table 1)
Net Assets – Modified Cash Basis

	Governmental Activities	
	2012	2011
Assets		
Equity in Pooled Cash and Investments	\$ 23,782,418	\$ 16,081,460
Cash and Investments with Fiscal Agents	10,000	0
<i>Total Assets</i>	\$ 23,792,418	\$ 16,081,460
Net Assets		
Restricted for:		
Capital Outlay	20,883,614	13,493,553
Debt Service	260,161	140,631
Other Purposes	357,359	263,344
Unrestricted	2,291,284	2,183,932
<i>Total Net Assets</i>	\$ 23,792,418	\$ 16,081,460

Net assets of the governmental activities increased \$7,710,958, which represents a 47.9 percent increase from fiscal year 2011. The increase is due to the OSFC grant money being received in fiscal year 2012.

A portion of the School District's net assets, \$21,501,134 or 90.4 percent, represent resources subject to external restrictions on how they may be used. The remaining balance of the government-wide unrestricted net assets of \$2,291,284 may be used to meet the School District's ongoing obligations.

Green Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012

Table 2 shows the changes in net assets for fiscal year 2012 as compared to fiscal year 2011.

(Table 2)
Changes in Net Assets – Modified Cash Basis

	Governmental Activities	
	2012	2011
Receipts		
Program Receipts		
Charges for Services and Sales	\$ 1,095,570	\$ 1,247,883
Operating Grants, Contributions and Interest	1,423,241	725,243
Capital Grants, Contributions and Interest	9,227,623	1,108,883
<i>Total Program Receipts</i>	<u>11,746,434</u>	<u>3,082,009</u>
General Receipts		
Property Taxes	4,759,279	4,180,503
Grants and Entitlements not Restricted to Specific Programs	5,783,943	6,574,816
Proceeds from Sale of Capital Assets	1,970	0
Proceeds of General Obligation Bonds	0	12,949,998
Premium on Debt Issuance	0	188,154
Interest Earnings	3,233	5,285
Miscellaneous	26,026	20,924
<i>Total General Receipts</i>	<u>10,574,451</u>	<u>23,919,680</u>
<i>Total Receipts</i>	22,320,885	27,001,689
Program Disbursements		
Instruction:		
Regular	5,665,137	5,500,348
Special	1,083,348	955,873
Vocational	209,559	195,666
Other	6,335	107,748
Support Services:		
Pupils	554,499	442,352
Instructional Staff	300,316	349,096
Board of Education	55,994	49,831
Administration	983,906	1,114,986
Fiscal	301,044	330,053
Operation and Maintenance of Plant	821,272	727,538
Pupil Transportation	619,721	552,742
Central	89,774	98,772
Operation of Non-Instructional Services:		
Food Service Operations	341,310	340,334
Extracurricular Activities	501,259	459,008
Capital Outlay	2,000,415	984,487
Debt Service:		
Principal Retirement	275,035	163,555
Interest and Fiscal Charges	801,003	492,195
Issuance Costs	0	185,358
<i>Total Program Disbursements</i>	<u>14,609,927</u>	<u>13,049,942</u>
<i>Change in Net Assets</i>	7,710,958	13,951,747
<i>Net Assets Beginning of Year</i>	16,081,460	2,129,713
<i>Net Assets End of Year</i>	<u>\$ 23,792,418</u>	<u>\$ 16,081,460</u>

Green Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012

Program receipts increased \$8,664,425 from fiscal year 2011 to fiscal year 2012. The increase was due to receipts for the OFSC project, and an additional amount received for the interest rebate on the Build America bonds issued in fiscal year 2011. Program disbursements increased \$1,559,986, mostly due to increased expenditures from fiscal year 2011 for the OFSC project and increased interest expenditures from the Build America bonds.

Governmental Activities

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.

(Table 3)
Governmental Activities – Modified Cash Basis

	Total Costs of Services		Net Costs of Services	
	2012	2011	2012	2011
<i>Program Disbursements</i>				
Instruction:				
Regular	\$ 5,665,137	\$ 5,500,348	\$ 4,594,569	\$ 4,563,988
Special	1,083,348	955,873	751,906	586,054
Vocational	209,559	195,666	171,322	195,666
Other	6,335	107,748	6,335	107,748
Support Services:				
Pupils	554,499	442,352	554,499	365,992
Instructional Staff	300,316	349,096	300,316	322,216
Board of Education	55,994	49,831	55,994	49,831
Administration	983,906	1,114,986	887,553	1,109,986
Fiscal	301,044	330,053	301,044	330,053
Operation and Maintenance of Plant	821,272	727,538	796,425	702,643
Pupil Transportation	619,721	552,742	619,721	552,742
Central	89,774	98,772	82,574	89,120
Operation of Non-Instructional Services:				
Food Service Operations	341,310	340,334	(19,024)	(40,821)
Extracurricular Activities	501,259	459,008	335,055	316,003
Capital Outlay	2,000,415	984,487	(7,227,208)	(124,396)
Debt Service:				
Principal Retirement	275,035	163,555	275,035	163,555
Interest and Fiscal Charges	801,003	492,195	377,377	492,195
Issuance Costs	0	185,358	0	185,358
<i>Total</i>	<u>\$ 14,609,927</u>	<u>\$ 13,049,942</u>	<u>\$ 2,863,493</u>	<u>\$ 9,967,933</u>

Green Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012

Capital outlay disbursements increased \$1,015,928 mostly due to increased expenditures for the OFSC project and increased interest expenditures from the Build America bonds. Net costs of this service were impacted by the timing of grant resources received as compared to the expenses paid on construction.

The dependence upon tax revenues and general revenue entitlements from the state for governmental activities is apparent. Program revenues only account for 80.4 percent of all governmental expenses. The community is the largest area of support for the School District students.

The School District's Funds

The School District's governmental funds are accounted for using the modified cash basis of accounting.

The School District's governmental funds reported a combined fund balance of \$23,792,418, which is higher than the prior year balance of \$16,081,460.

The general fund had total cash receipts of \$10,480,481. The cash disbursements of the general fund totaled \$10,380,444. The general fund's fund balance increased \$112,425 in 2012. The increase in fund balance can be attributed to a tax advance received at the end of fiscal year 2012.

The classroom facilities fund had total cash receipts of \$9,217,645 and total cash disbursements of \$1,757,081, for an increase in fund balance of \$7,460,564 in 2012. The increase in fund balance is primarily due to receipts for the OFSC project received in fiscal year 2012 which were not yet disbursed.

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 2012, the School District amended its general fund budget several times. For the general fund, final budget basis receipts were \$10,023,035 (excluding other financing sources), representing an increase of \$218,734 from the original estimate of \$9,804,301. Actual receipts of \$10,296,595 were \$273,560 higher than the final budget. Property tax receipts increased due to a tax advance received at the end of the fiscal year that was not expected until fiscal year 2013. Additionally, the School District received a tangible personal property tax loss reimbursement from the State late in the fiscal year that resulted in higher than anticipated intergovernmental receipts.

For fiscal year 2012, the general fund final budget basis disbursements were \$11,135,248 (excluding other financing uses), which is over the original budgeted disbursements of \$10,593,250. Actual disbursements of \$10,236,143 were \$899,105 lower than the final budget. Actual instruction, operation and maintenance of plant, pupil transportation and administration disbursements were significantly under budgeted expectations.

Green Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012

Debt Administration

The School District had the following long-term obligations outstanding at June 30, 2012 and 2011.

(Table 4)
Outstanding Debt, at June 30

	Governmental Activities	
	2012	2011
OSFC School Improvement Bonds, Series 2010 issue		
Build America Bonds - 5.60 - 6.36%	\$ 7,070,000	\$ 7,070,000
Qualified School Construction Bonds - 5.11%	5,570,000	5,570,000
Tax-Exempt Bonds - 1.25 - 1.5%	131,572	309,998
Capital Leases	192,764	289,373
<i>Total</i>	<u>\$ 12,964,336</u>	<u>\$ 13,239,371</u>

For further information regarding the School District's debt, refer to Note 10 of the basic financial statements.

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 School 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 School 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 School 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. The School 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 School District is at the forefront of using "Scodle", 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 treasurer has established a Finance Team made up of community members. This team acts in an advisory capacity to the Board and administrators and meets monthly during the school year.

Green Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2012

The 2010 - 2011 School District report card, as reported by the Ohio Department of Education, shows Green Local Schools as "Excellent" having achieved 24 out of 26 indicators with a Performance Index of 98.7%. This is an increase from the "Effective" status the District achieved for the 2009-2010 school year.

State funding of public education continues to be problematic. The School District faces declining enrollment of resident students while incoming open enrollment of students has increased slightly. The State of Ohio changed the funding formula again in biannual budget approved in June 2011. The new formula has not yet been presented by the Governor. However, due to the financial status of the State of Ohio, any increase or decrease was capped.

In the fall of 2009, the School District voters supported the renewal of an Emergency Levy in the amount of \$500,000 for seven years. A second emergency levy in the amount of \$850,000 was renewed at the November 2, 2010 election for a term of ten years. The voters of Green Local School District passed this renewal by a margin of 54.7%.

On May 4, 2010, the voters of the Green Local School District passed a 4.75 mill bond issue by a margin of 54%. This enables the School District to go forth with the Ohio Schools Facilities Project which will provide new school buildings for all grade levels in the School District. The state's share, 65%, represents \$21,400,073 while the School District's share will be \$11,523,117 excluding local initiatives. Contract for the construction have been awarded in May 2012 and construction is under way. It is anticipated that the building will be completed in the fall of 2014.

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 Mark Dickerhoof, Treasurer of Green Local School District, Post Office Box 438, Smithville, Ohio 44677.

Green Local School District
Statement of Net Assets - Modified Cash Basis
June 30, 2012

	Governmental Activities
Assets	
Equity in Pooled Cash and Investments	\$ 23,782,418
Cash and Investments with Fiscal Agents	10,000
<i>Total Assets</i>	\$ 23,792,418
Net Assets	
Restricted for:	
Capital Outlay	\$ 20,883,614
Debt Service	260,161
Other Purposes	357,359
Unrestricted	2,291,284
<i>Total Net Assets</i>	\$ 23,792,418

See accompanying notes to the basic financial statements.

Green Local School District
Statement of Activities - Modified Cash Basis
For the Fiscal Year Ended June 30, 2012

	Program Cash Receipts				Net (Disbursements)
	Cash Disbursements	Charges for Services and Sales	Operating Grants, Contributions and Interest	Capital Grants, Contributions and Interest	Receipts and Changes in Net Assets
					Governmental Activities
Governmental Activities					
Instruction:					
Regular	\$ 5,665,137	\$ 764,853	\$ 305,715	\$ 0	\$ (4,594,569)
Special	1,083,348	0	331,442	0	(751,906)
Vocational	209,559	0	38,237	0	(171,322)
Other	6,335	0	0	0	(6,335)
Support Services:					
Pupils	554,499	0	0	0	(554,499)
Instructional Staff	300,316	0	0	0	(300,316)
Board of Education	55,994	0	0	0	(55,994)
Administration	983,906	0	96,353	0	(887,553)
Fiscal	301,044	0	0	0	(301,044)
Operation and Maintenance of Plant	821,272	10,885	13,962	0	(796,425)
Pupil Transportation	619,721	0	0	0	(619,721)
Central	89,774	0	7,200	0	(82,574)
Operation of Non-Instructional Services:					
Food Service Operations	341,310	191,678	168,656	0	19,024
Extracurricular Activities	501,259	128,154	38,050	0	(335,055)
Capital Outlay	2,000,415	0	0	9,227,623	7,227,208
Debt Service:					
Principal Retirement	275,035	0	0	0	(275,035)
Interest and Fiscal Charges	801,003	0	423,626	0	(377,377)
Totals	\$ 14,609,927	\$ 1,095,570	\$ 1,423,241	\$ 9,227,623	(2,863,493)

General Receipts

Property Taxes Levied for:

General Purposes	3,961,102
Debt Service	591,830
Capital Outlay	206,347
Grants and Entitlements not Restricted to Specific Programs	5,783,943
Proceeds from Sale of Assets	1,970
Interest Earnings	3,233
Miscellaneous	26,026

Total General Receipts 10,574,451

Change in Net Assets 7,710,958

Net Assets Beginning of Year 16,081,460

Net Assets End of Year \$ 23,792,418

See accompanying notes to the basic financial statements.

Green Local School District
Statement of Assets and Fund Balances - Modified Cash Basis
Governmental Funds
June 30, 2012

	General Fund	Classroom Facilities Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Investments	\$ 2,352,565	\$ 19,663,679	\$ 1,766,174	\$ 23,782,418
Cash and Investments with Fiscal Agents	0	0	10,000	10,000
<i>Total Assets</i>	<u>\$ 2,352,565</u>	<u>\$ 19,663,679</u>	<u>\$ 1,776,174</u>	<u>\$ 23,792,418</u>
Fund Balances				
Nonspendable	\$ 475	\$ 0	\$ 0	\$ 475
Restricted	0	19,663,679	1,780,570	21,444,249
Committed	35,728	0	0	35,728
Assigned	1,011,926	0	0	1,011,926
Unassigned	1,304,436	0	(4,396)	1,300,040
<i>Total Fund Balances</i>	<u>\$ 2,352,565</u>	<u>\$ 19,663,679</u>	<u>\$ 1,776,174</u>	<u>\$ 23,792,418</u>

See accompanying notes to the basic financial statements.

Green Local School District
Statement of Receipts, Disbursements and Changes
in Fund Balances - Modified Cash Basis - Governmental Funds
For the Fiscal Year Ended June 30, 2012

	General Fund	Classroom Facilities Fund	Other Governmental Funds	Total Governmental Funds
Receipts				
Property and Other Local Taxes	\$ 3,961,102	\$ 0	\$ 798,176	\$ 4,759,278
Intergovernmental	5,693,033	9,136,737	1,447,613	16,277,383
Interest Income	3,233	80,358	538	84,129
Tuition and Fees	596,878	0	0	596,878
Extracurricular Activities	142,726	0	128,155	270,881
Gifts and Donations	15,922	0	48,050	63,972
Charges for Services	23,843	0	191,679	215,522
Rental	10,886	0	0	10,886
Miscellaneous	32,858	550	6,578	39,986
<i>Total Receipts</i>	<u>10,480,481</u>	<u>9,217,645</u>	<u>2,620,789</u>	<u>22,318,915</u>
Disbursements				
Current:				
Instruction:				
Regular	5,341,701	0	323,436	5,665,137
Special	768,329	0	315,019	1,083,348
Vocational	209,559	0	0	209,559
Other	6,335	0	0	6,335
Support Services:				
Pupils	477,978	0	76,521	554,499
Instructional Staff	300,316	0	0	300,316
Board of Education	55,994	0	0	55,994
Administration	965,475	0	18,431	983,906
Fiscal	286,382	0	14,662	301,044
Operation and Maintenance of Plant	819,382	0	1,890	821,272
Pupil Transportation	618,512	0	1,209	619,721
Central	89,774	0	0	89,774
Extracurricular Activities	327,129	0	174,130	501,259
Operation of Non-Instructional Services:				
Food Service Operations	0	0	341,310	341,310
Capital Outlay	9,319	1,757,081	234,015	2,000,415
Debt Service:				
Principal Retirement	96,609	0	178,426	275,035
Interest and Fiscal Charges	7,650	0	793,353	801,003
<i>Total Disbursements</i>	<u>10,380,444</u>	<u>1,757,081</u>	<u>2,472,402</u>	<u>14,609,927</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>100,037</u>	<u>7,460,564</u>	<u>148,387</u>	<u>7,708,988</u>
Other Financing Sources (Uses)				
Proceeds from Sale of Assets	130	0	1,840	1,970
Advances In	12,258	0	0	12,258
Advances Out	0	0	(12,258)	(12,258)
<i>Total Other Financing Sources (Uses)</i>	<u>12,388</u>	<u>0</u>	<u>(10,418)</u>	<u>1,970</u>
<i>Net Change in Fund Balances</i>	112,425	7,460,564	137,969	7,710,958
<i>Fund Balances Beginning of Year</i>	<u>2,240,140</u>	<u>12,203,115</u>	<u>1,638,205</u>	<u>16,081,460</u>
<i>Fund Balances End of Year</i>	<u>\$ 2,352,565</u>	<u>\$ 19,663,679</u>	<u>\$ 1,776,174</u>	<u>\$ 23,792,418</u>

See accompanying notes to the basic financial statements.

Green Local School District
Statement of Receipts, Disbursements and Changes
In Modified Cash Basis Fund Balance - Budget and Actual (Budget Basis)
General Fund
For the Fiscal Year Ended June 30, 2012

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Receipts				
Property and Other Local Taxes	\$ 3,759,148	\$ 3,843,014	\$ 3,961,102	\$ 118,088
Intergovernmental	5,430,647	5,551,805	5,693,033	141,228
Interest Income	3,084	3,153	3,233	80
Tuition and Fees	556,933	569,359	583,842	14,483
Rent	10,384	10,616	10,886	270
Gifts and Donations	3,339	3,413	3,500	87
Charges for Services	22,744	23,252	23,843	591
Miscellaneous	18,022	18,423	17,156	(1,267)
<i>Total Receipts</i>	<u>9,804,301</u>	<u>10,023,035</u>	<u>10,296,595</u>	<u>273,560</u>
Disbursements				
Current:				
Instruction:				
Regular	5,384,331	5,659,818	5,202,821	456,997
Special	796,707	837,470	769,849	67,621
Vocational	216,870	227,966	209,559	18,407
Other	6,556	6,891	6,335	556
Support Services:				
Pupils	501,525	527,185	484,618	42,567
Instructional Staff	313,238	329,265	302,679	26,586
Board of Education	57,947	60,912	55,994	4,918
Administration	1,005,820	1,057,282	971,913	85,369
Fiscal	300,622	316,003	290,488	25,515
Operation and Maintenance of Plant	924,244	971,533	893,087	78,446
Pupil Transportation	644,298	677,263	622,578	54,685
Central	92,906	97,659	89,774	7,885
Extracurricular Activities	338,542	355,863	327,129	28,734
Capital Outlay	9,644	10,138	9,319	819
<i>Total Disbursements</i>	<u>10,593,250</u>	<u>11,135,248</u>	<u>10,236,143</u>	<u>899,105</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>(788,949)</u>	<u>(1,112,213)</u>	<u>60,452</u>	<u>1,172,665</u>
Other Financing Sources (Uses)				
Proceeds from Sale of Assets	134	141	130	(11)
Refund of Prior Year Expenditures	1,790	1,881	1,737	(144)
Advances In	12,631	13,277	12,258	(1,019)
<i>Total Other Financing Sources (Uses)</i>	<u>14,555</u>	<u>15,299</u>	<u>14,125</u>	<u>(1,174)</u>
<i>Net Change in Fund Balance</i>	(774,394)	(1,096,914)	74,577	1,171,491
<i>Fund Balance Beginning of Year</i>	2,136,355	2,169,355	2,169,355	0
Prior Year Encumbrances Appropriated	68,170	68,170	68,170	0
<i>Fund Balance End of Year</i>	<u>\$ 1,430,131</u>	<u>\$ 1,140,611</u>	<u>\$ 2,312,102</u>	<u>\$ 1,171,491</u>

See accompanying notes to the basic financial statements.

Green Local School District
Statement of Fiduciary Net Assets - Modified Cash Basis
Fiduciary Funds
June 30, 2012

	Private Purpose Trust	
	Scholarship	Agency
Assets		
Equity in Pooled Cash and Investments	\$ 41,053	\$ 67,773
<i>Total Assets</i>	\$ 41,053	\$ 67,773
 Net Assets		
Held in Trust for Scholarships	\$ 41,053	\$ 0
Held for Student Activities	0	67,773
<i>Total Net Assets</i>	\$ 41,053	\$ 67,773

See accompanying notes to the basic financial statements.

Green Local School District
Statement of Changes in Fiduciary Net Assets - Modified Cash Basis
Private Purpose Trust Fund
For the Fiscal Year Ended June 30, 2012

	<u>Scholarship</u>
Additions	
Gifts and Contributions	\$ 1,800
Interest	<u>416</u>
<i>Total Additions</i>	<u>2,216</u>
Deductions	
Payments in Accordance with Trust Agreements	<u>2,750</u>
<i>Total Deductions</i>	<u>2,750</u>
<i>Change in Net Assets</i>	(534)
<i>Net Assets Beginning of Year</i>	<u>41,587</u>
<i>Net Assets End of Year</i>	<u><u>\$ 41,053</u></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, 2012

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, 2011, was 1,203. The School District employs 90 certificated and 52 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.

The School District is associated with two organizations which are defined as jointly governed organizations. These organizations include the Tri-County Computer Services Association and the Portage County School Consortium. These organizations are presented in Note 13 of the basic financial statements.

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

A. Basis of Presentation

Although required by Ohio Administrative Code Sections 117-2-03(B) to prepare its annual financial report in accordance with generally accepted accounting principles (GAAP), the School District chooses to prepare its financial statements and notes in accordance with the modified cash accounting basis. This basis of accounting is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when cash is received rather than when earned, and disbursements are recognized when cash is paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, in accordance with the basis of accounting described in the preceding paragraph.

Green Local School District (Wayne County, Ohio)

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2012

Budgetary presentations report budgetary disbursements when a commitment is made (i.e., when an encumbrance is approved). Differences between disbursements reported in the government-wide and fund financial statements versus budgetary disbursements result from encumbrances outstanding at the beginning and end of the fiscal year.

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 types activities columns have been removed from this statement.

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 disbursements and program receipts for each program or function of the School District's governmental activities. Direct disbursements are those that are specifically associated with a service, program or department, and therefore, clearly identifiable to a particular function. Program receipts 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. Receipts which are not classified as program receipts are presented as general receipts of the School District, with certain limitations. The comparison of direct disbursements with program receipts identifies the extent to which governmental function is self-financing or draws from the general resources 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.

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

- a. Non-spendable - The non-spendable classification includes amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact. The "not in spendable form" includes items that are not expected to be converted to cash.
- b. Restricted - Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or is imposed by law through constitutional provisions.
- c. Committed - The committed classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the Board of Education. The committed amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Green Local School District (Wayne County, Ohio)

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2012

- d. Assigned - Amounts in the assigned classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds, other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Board of Education. The Board of Education has by resolution authorized the treasurer to assign fund balance. The Board of Education may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget.
- e. Unassigned - Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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. The following are the School District's major governmental funds:

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

Classroom Facilities Fund The classroom facilities fund is used to account for all monies received and expended in connection with contracts entered into by the School District and the Ohio Department of Education for the building and equipping of classroom facilities.

The other governmental funds of the School District account for grants and other resources to which the School District is bound to observe constraints imposed internally or externally.

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

Green Local School District (Wayne County, Ohio)

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2012

C. Cash and Investments

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 investments" on the financial statements. During fiscal year 2012, the School District's investments included nonnegotiable certificates of deposit, US Treasury/Agency bonds, money market accounts and 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, 2012.

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are presented on the financial statements as "equity in pooled cash and investments". Investments with an original maturity of more than three months that are not made 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 2012 amounted to \$3,233, which includes \$1,943 assigned from other School District funds.

D. 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 capital improvements. See Note 15 for additional information regarding set-asides.

E. Capital Assets

Acquisitions of capital assets are recorded as disbursements when paid. The financial statements do not report these assets.

F. Compensated Absences

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the modified cash basis of accounting used by the School District.

G. Accrued Liabilities and Long-term Obligations

Under Ohio law, a debt service fund must be created and used for the payment of tax and receipt anticipation notes. Long-term debt arising from cash basis transactions of governmental funds is not reported as a liability in the fund financial statements. The debt proceeds are reported as other financing sources and payment of principal and interest reported as disbursements.

Green Local School District (Wayne County, Ohio)

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2012

The School District's modified cash basis financial statements do not report liabilities for bonds and other long-term obligations. Proceeds of debt are reported when cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not a cash transaction, neither another financing source nor a capital outlay expenditure are reported at inception. Lease payments are reported when made.

H. Interfund Activity

During the course of normal operations, the School District has numerous transactions between funds. The most significant include:

1. Transfers of resources from one fund to another fund through which resources to be expended are recorded as transfers.
2. Reimbursements from one fund to another are treated as disbursements in the reimbursing fund and a reduction in disbursements in the reimbursed fund.
3. The School District reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

I. 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 2012.

J. 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 2012.

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

Green Local School District (Wayne County, Ohio)

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2012

Encumbrances As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are recorded as the equivalent of disbursements on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. Disbursements plus encumbrances may not legally exceed appropriations. Encumbrances outstanding at fiscal year-end are reported as an assigned fund balance for subsequent-year disbursements for governmental funds and reported in the notes to the financial statements for proprietary funds.

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

At June 30, 2012 the Ed Jobs Fund had a deficit balance in the amount of \$4,396. The general fund provides transfers to cover deficit balances; however, this is done when cash is needed. The deficit fund balance was created at June 30, 2012, due to the School District not yet receiving reimbursement for certain disbursements.

B. Compliance

Ohio Administrative Code Section 117-2-03(B) requires the School District to prepare its annual financial report in accordance with generally accepted accounting principles. For fiscal year 2012, the School District prepared its financial report on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. This financial report omits assets, liabilities, fund equities and disclosures that, while material, cannot be determined at this time.

The School District's Board of Education recognizes the value in preparing accurate and timely financial statements to reflect the School District's operations as of fiscal year end. Due to the cost requirement of preparing these financial statements according to generally accepted accounting principles (GAAP), the Board has determined that preparing year end statements on a modified cash basis of accounting will accurately reflect the School District's financial position and allow for those resources previously spent on GAAP to be allocated to education purposes.

Note 4 – Deposits and Investments

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

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

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

Green Local School District (Wayne County, Ohio)

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2012

The School District is setting aside monies in a Sinking Fund investment account with the Huntington Bank that will be used to fund the scheduled balloon payment on their long-term obligation described in Note 10. The balance as of June 30, 2012, is \$10,000 and has been excluded from the investments reported below as it is not part of the School District's internal investment pool. These amounts are reported on the financial statements as "Cash and Investments with Fiscal Agents".

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;
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.

Green Local School District (Wayne County, Ohio)

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2012

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 percent 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 \$16,034,006 and the bank balance was \$16,236,264. As of June 30, 2012, \$6,900,000 of the bank balance was covered by Federal Depository Insurance. The remaining bank balance of \$9,336,264 was collateralized but uninsured.

Investments – Investments are reported at cost. STAROhio is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form. As of June 30, 2012, the School District had the following investments and maturities:

Rating by Standard and Poor	Entity	Carrying Value	Investment Maturities in years (0-1)	Investment Maturities in years (1-5)	Percentage of Total Investment
AAAm	STAROhio	\$ 1,989,765	\$ 1,989,765	\$ 0	25%
AA+	Federal Farm Credit	502,608	502,608	0	6%
AA+	FNMA	2,500,000	0	2,500,000	32%
AA+	FHLB	2,507,193	1,000,000	1,507,193	32%
AAAm	Money Market	357,672	357,672	0	5%
	Total	<u>\$ 7,857,238</u>	<u>\$ 3,850,045</u>	<u>\$ 4,007,193</u>	<u>100%</u>

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 School District 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 School District 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.

Green Local School District (Wayne County, Ohio)

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2012

Credit Risk – The School District’s investment credit ratings are summarized above. STAROhio is an investment pool operated by the Ohio State Treasurer. It is unclassified since it is not evidenced by securities that exist in physical or book entry form. Ohio law requires STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service. The weighted average of maturity of the portfolio held by STAROhio as of June 30, 2012, is 53 days.

Concentration of Credit Risk –The School District places no limit on the amount the School District may invest in any one issuer. At June 30, 2012, the School District had investments summarized above in amounts greater than 5 percent of total investments.

Note 5 – Property Taxes

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

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenue received in calendar year 2012 represents collections of calendar year 2011 taxes. Real property taxes received in calendar year 2012 were levied after April 1, 2011, on the assessed value listed as of January 1, 2011, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2012 represents collections of calendar year 2011 taxes. Public utility real and tangible personal property taxes received in calendar year 2012 became a lien December 31, 2010, were levied after April 1, 2011 and are collected in 2012 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

House Bill No. 66 was signed into law on June 30, 2005. House Bill No. 66 phased out the tax on tangible personal property of general businesses, telephone and telecommunications companies, and railroads. The tax on general business and railroad property was eliminated in calendar year 2009, and the tax on telephone and telecommunications property was eliminated in calendar year 2010. The tax was phased out by reducing the assessment rate on the property each year. The bill replaced the revenue lost by the School District due to the phasing out of the tax. In calendar years 2006-2010, the School District was fully reimbursed for the lost revenue. In calendar years 2011-2017, the reimbursements are being phased out. On June 30, 2011, House Bill No. 153 was signed into law, which further reduced the amounts of these reimbursements.

The School District receives property taxes from Wayne County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2012, are available to finance fiscal year 2012 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Green Local School District (Wayne County, Ohio)

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2012

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

	2011 Second- Half Collections		2012 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and other Real Estate	\$ 130,936,260	98%	\$ 133,148,100	98%
Public Utility	86,600	0%	3,308,110	2%
Tangible Personal Property	3,296,110	2%	0	0%
Total	<u>\$ 134,318,970</u>	<u>100%</u>	<u>\$ 136,456,210</u>	<u>100%</u>
Tax rate per \$1,000 of assessed valuation	\$ 59.65		\$ 59.65	

Note 6 – 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 reduction 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

Effective calendar year 2010, the School District enrolled in the Ohio School Comp Group rating program. The program is sponsored by the Ohio School Boards Association member districts and the Ohio Association of School Business Officials members. The program provides, through the third party administrator, CompManagement, administrative, training and safety resources for administering the workers' compensation plan for the School District employees. Premiums are calculated on rate per \$100 of payroll. This rate is calculated based upon accident history and administrative costs.

Green Local School District (Wayne County, Ohio)

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2012

C. Employee Medical Benefits

The School District is a member of 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 coverage's 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, coverage's 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 coverage's should the assets of the Consortium become depleted, it is the opinion of management that the assets of the Consortium are sufficient to meet its claims.

Note 7 – Defined Benefit Pension Plans

School Employees Retirement System

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

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current rate is 14 percent 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 2012, 12.65 percent and .05 percent of annual covered salary was the portion used to fund pension obligations and death benefits, respectively. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's contributions to SERS for the fiscal years ended June 30, 2012, 2011, and 2010 were \$189,660, \$186,959, and \$164,501, respectively; 38 percent has been contributed for fiscal year 2012 and 100 percent for the fiscal years 2011 and 2010.

Green Local School District (Wayne County, Ohio)

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012*

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 publicly-available, stand-alone financial report that may be obtained by writing to STRS Ohio, 275 East Broad Street, Columbus, Ohio 43215-3371, by calling (888) 227-7877, or by visiting the STRS Ohio website at www.strsoh.org.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB Plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on 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 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 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.

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

Funding Policy - For fiscal year 2012, plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employer contributions. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's contributions for pension obligations for the fiscal years ended June 30, 2012, 2011 and 2010 were \$626,734, \$660,348, and \$626,645, respectively; 83 percent has been contributed for fiscal year 2012 and 100 percent for fiscal years 2011 and 2012. Contributions to the DC and Combined Plans for fiscal year 2012 were \$1,171 made by the School District and \$837 made by the plan members.

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. The Board's liability is 6.2 percent of wages paid. As of June 30, 2012, four of the Board of Education members have elected social security.

Green Local School District (Wayne County, Ohio)

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2012*

Note 8 – Post Employment Benefits

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, Medicare Advantage and traditional indemnity plans. A prescription drug plan is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively. The Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code Section 3309.69. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B monthly premium for calendar year 2012 was \$99.90 for most participants, but could be as high as \$319.70 per month depending on their income. SERS' reimbursement to retirees was \$45.50. 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. It is also posted on SERS' website at www.ohsers.org under Employers/Audit Resources.

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 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For 2012, .55 percent of covered payroll was allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provides that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the statewide SERS-covered payroll for the health care surcharge. For fiscal year 2012, the actuarially determined amount was \$35,800.

Active members do not contribute to the postemployment benefit plans. The SERS Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. 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.

The School District's contributions for health care (including surcharge) for fiscal years ended June 30, 2012, 2011 and 2010 were \$28,037, \$12,031, and \$5,921 respectively.

The Retirement Board, acting with the advice of the actuary, allocates a portion of the current employer contribution rate to the Medicare B Fund. For fiscal year 2012, the actuarially required allocation is .75 percent. The School District's contributions for the fiscal years ended June 30, 2012, 2011 and 2010 were \$11,245, \$22,638, and \$9,783, respectively, which equaled the required contributions each year.

Green Local School District (Wayne County, Ohio)

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2012

State Teachers Retirement System

Plan Description - The School District contributes to the cost sharing, multiple-employer defined benefit Health Plan (the "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 financial report of STRS. Interested parties can view the most recent Comprehensive Annual Financial Report by visiting www.strsoh.org or by requesting a copy by calling toll-free (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 2012, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The School District's contributions assigned to health care for the fiscal years ended June 30, 2012, 2011 and 2010 were \$48,210, \$50,796 and \$5,921, respectively.

Note 9 – Other Employee Benefits

A. Life Insurance

The School District provides term life insurance to employees through American United 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 \$.095/\$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 percent 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, 2012

Note 10 – Long - Term Obligations

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

Description	Outstanding 6/30/2011	Additions	Reductions	Outstanding 6/30/2012	Due in One Year
Governmental Obligations Bonds					
OSFC School Improvement Bonds, Series 2010 issue					
Build America Bonds - 5.60 - 6.36%	\$ 7,070,000	\$ 0	\$ 0	\$ 7,070,000	\$ 0
Qualified School Construction Bonds - 5.11%	5,570,000	0	0	5,570,000	0
Tax-Exempt Bonds - 1.25 - 1.5%	309,998	0	178,426	131,572	131,572
Capital Leases	289,373	0	96,609	192,764	85,302
Total Long-Term Obligations	<u>\$ 13,239,371</u>	<u>\$ 0</u>	<u>\$ 275,035</u>	<u>\$ 12,964,336</u>	<u>\$ 216,874</u>

Capital leases will be paid from the general fund. The OSFC School Improvement Bonds will be paid from the bond retirement fund.

In September 2010, the School District issued \$12,949,998 in voted Classroom Facilities and School Improvement bonds for the purpose of financing their Ohio School Facilities Project which will build one new K-12 School. The bond issue consists of \$7,070,000 in Build America bonds, \$5,570,000 in Qualified School Construction bonds and \$309,998 in tax-exempt bonds. The School District is setting aside monies toward this future payment in a sinking fund, described in Note 4 as “Cash and Investments with Fiscal Agents.”

The Build America bonds have interest rates ranging from 5.60 to 6.36 percent. \$330,000 of the Build America bonds mature in fiscal year 2028, with the remaining Build America bonds maturing each December 1 through fiscal year 2041. The Qualified School Construction bonds have a 5.11 percent interest rate with final maturity December 1, 2042. The tax-exempt bonds have interest at rates from 1.25 to 1.50 percent. \$178,426 of the tax exempt bonds matured December 1, 2011, and another \$131,572 will mature on December 1, 2012.

Principal and interest requirements to retire general obligation bonds outstanding at June 30, 2012 are as follows:

Fiscal Year Ending June 30,	Tax Exempt Bonds	Qualified School Construction Bonds	Build America Bonds	Interest	Total
2013	\$ 131,572	\$ 0	\$ 0	\$ 840,207	\$ 971,779
2014	0	0	0	716,779	716,779
2015	0	0	0	716,779	716,779
2016	0	0	0	716,779	716,779
2017	0	0	0	716,779	716,779
2018-2022	0	0	0	3,583,895	3,583,895
2023-2027	0	5,570,000	0	3,441,582	9,011,582
2028-2032	0	0	1,800,000	1,914,991	3,714,991
2033-2037	0	0	2,310,000	1,311,193	3,621,193
2038-2042	0	0	2,960,000	489,084	3,449,084
Total	<u>\$ 131,572</u>	<u>\$ 5,570,000</u>	<u>\$ 7,070,000</u>	<u>\$ 14,448,068</u>	<u>\$ 27,219,640</u>

Green Local School District (Wayne County, Ohio)

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2012

Note 11 – Capitalized Leases

The School District has entered into leases for copier equipment and computers. 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. These disbursements are reflected as program/function expenditures on a budgetary basis.

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, 2012.

<u>Year</u>	<u>Amount</u>
2013	\$ 89,315
2014	39,185
2015	39,185
2016	32,655
	<u>200,340</u>
Less amount representing interest	7,576
Present Value of Minimum Lease Payments	<u><u>\$ 192,764</u></u>

Note 12 – Interfund Transactions

Interfund loans 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 received interfund cash payments of \$9,395 from the IDEA fund and \$2,863 from Title I fund to repay advances from prior fiscal year.

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 13 – 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, 2012, the School District paid approximately \$61,545 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, 2012*

B. Portage County School Consortium (the Consortium)

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

Note 14 – Contingencies

A. Review of Statewide Attendance Data

The Auditor of State is currently performing a statewide review of supporting documentation for student attendance data reported to the Ohio Department of Education. The results of this review are still pending and will be reported separately to the Ohio Department of Education at a later date.

B. Grants

The School District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. This also encompasses the Auditor of State's ongoing review of student attendance data. However, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2012, if applicable, cannot be determined at this time.

C. Litigation

The School District is not party to any claims or lawsuits that would, in the School District's opinion, have a material effect of the basic financial statements.

Note 15 – 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 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 capital acquisition. Disclosure of this information is required by State statute.

	Capital Acquisition
Set-Aside Reserve Balance June 30, 2011	\$ 0
Current Year Set Aside Requirement	214,838
Current Year Qualifying Offsets	(234,776)
Total	<u>\$ (19,938)</u>
Balance carried forward to FY 2013	<u>\$ 0</u>
Set-Aside Reserve Balance June 30, 2012	<u>\$ 0</u>

Green Local School District (Wayne County, Ohio)

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2012

Although the School District had offsets during the fiscal year that reduced the set-aside amount to below zero for the capital acquisition set-aside, this amount may not be used to reduce the set-aside requirement for future years. The negative balance is therefore not presented as being carried forward to future years.

Note 16 – Budgetary Basis of Accounting

The statement of receipts, disbursements and changes in fund balance - budget and actual (modified cash basis) presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the modified cash basis are that:

- a. In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of a disbursement; and,
- b. Some funds are included in the general fund (cash basis), but have separate legally adopted budgets (budget basis).

The adjustments necessary to convert the results of operations for the year on the budget basis to the modified cash basis for the general fund is as follows:

Net Change in Fund Balance

	General Fund
Modified Cash basis	\$ 112,425
Funds budgeted elsewhere**	2,614
Adjustment for encumbrances	(40,462)
Budget basis	<u>\$ 74,577</u>

**As part of Governmental Accounting Standards Board Statement No. 54, “*Fund Balance Reporting*”, certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on the cash basis. This includes the unclaimed funds, rotary and public school support funds.

Note 17 – Fund Balance

Fund balance is classified as nonspendable, restricted, committed, assigned, and/or unassigned based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of the resources in governmental funds.

The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

Green Local School District (Wayne County, Ohio)

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2012

	<u>General</u>	<u>Classroom Facilities</u>	<u>Other Governmental</u>	<u>Total Governmental</u>
Nonspendable for:				
Unclaimed Funds	\$ 475	\$ 0	\$ 0	\$ 475
Total Nonspendable	<u>475</u>	<u>0</u>	<u>0</u>	<u>475</u>
Restricted for:				
Permanent Improvements	0	0	1,219,935	1,219,935
Capital Outlay	0	19,663,679	94,916	19,758,595
Debt Retirement	0	0	260,161	260,161
Food Service Operations	0	0	141,771	141,771
Extracurricular Activities	0	0	40,641	40,641
Special Education	0	0	15,515	15,515
Teacher Improvements	0	0	431	431
Technology	0	0	7,200	7,200
Total Restricted	<u>0</u>	<u>19,663,679</u>	<u>1,780,570</u>	<u>21,444,249</u>
Committed to:				
Board Specified	35,728	0	0	35,728
Total Committed	<u>35,728</u>	<u>0</u>	<u>0</u>	<u>35,728</u>
Assigned for:				
Instruction	4,446	0	0	4,446
Support Services	36,818	0	0	36,818
Educational Activities	25,078	0	0	25,078
Subsequent years appropriations	945,584	0	0	945,584
Total Assigned	<u>1,011,926</u>	<u>0</u>	<u>0</u>	<u>1,011,926</u>
Unassigned	<u>1,304,436</u>	<u>0</u>	<u>(4,396)</u>	<u>1,300,040</u>
Total Fund Balances	<u><u>\$ 2,352,565</u></u>	<u><u>\$ 19,663,679</u></u>	<u><u>\$ 1,776,174</u></u>	<u><u>\$ 23,792,418</u></u>

Note 18 – Contractual Commitments

At June 30, 2012, the School District had the following outstanding contractual commitments:

<u>Contract/Vendor</u>	<u>Contracted Amount</u>	<u>Amount remaining</u>
Stan & Associates	\$ 77,700	\$ 61,717
Harris Day	1,325,045	523,014
Bob Bennett Construction	534,000	12,000
Southeast Security	1,245,000	1,245,000
SA Comunale	276,444	276,444
Advanced Industrial Roofing	1,273,350	1,273,350
Feinman Mechanical, Inc.	5,137,032	5,137,032
Wood Electric	2,453,281	2,453,281
McTech	13,165,290	13,165,290
	<u><u>\$ 25,487,142</u></u>	<u><u>\$ 24,147,128</u></u>

December 6, 2012

To the Board of Education
Green Local School District
484 East Main Street
Smithville, Ohio 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 accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Green Local School District, Wayne County, Ohio (the "School District") as of and for the year ended June 30, 2012, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated December 6, 2012, wherein we noted the School District uses a comprehensive basis of accounting not in accordance with generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining effective 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 *deficiency in internal control* 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 and correct misstatements on a timely basis. A *material weakness* is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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.

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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as item 2012-001.

We noted certain matters that we reported to management of the School District in a separate letter dated December 6, 2012.

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

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

Rea & Associates, Inc.

December 6, 2012

To the Board of Education
Green Local School District
484 East Main Street
Smithville, Ohio 44677

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH
REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT
ON 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, Wayne County, Ohio (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 could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012. 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 could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Green Local School District
Independent Auditor's Report on Compliance with
Requirements That Could Have a Direct and Material Effect
On Each Major Program and on Internal Control Over
Compliance in Accordance with OMB Circular A-133
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Internal Control Over Compliance

The School District's management 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 and to test and report on internal control over compliance in accordance with OMB circular A-133, 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 deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

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

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

Rea & Associates, Inc.

GREEN LOCAL SCHOOL DISTRICT
WAYNE COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2012

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	CFDA Number	Program Year	Federal Receipts	Federal Disbursements
<u>U. S. DEPARTMENT OF AGRICULTURE</u>				
<i>Passed through Ohio Department of Education:</i>				
Child Nutrition Cluster:				
School Breakfast Program	10.553	2012	\$ 23,622	\$ 23,622
National School Lunch Program (Food Distribution)	10.555	2012	26,524	26,524
National School Lunch Program	10.555	2012	141,339	141,339
Total National School Lunch Program			167,863	167,863
Total Child Nutrition Cluster			191,485	191,485
Total U.S. Department of Agriculture			191,485	191,485
<u>U.S. DEPARTMENT OF EDUCATION</u>				
<i>Passed through Ohio Department of Education:</i>				
Education Jobs Fund	84.410	2011	20,000	-
		2012	220,126	244,523
Total Education Jobs Fund			240,126	244,523
Title 1	84.010	2011	28,753	26,406
		2012	123,748	118,258
Total Title I			152,501	144,664
Special Education Cluster:				
Title VI-B	84.027	2011	32,697	19,453
	84.027	2012	211,571	216,621
Title VI-B, ARRA	84.391	2011	31,027	27,632
Total Special Education Cluster			275,295	263,706
Title II-A	84.367	2011	5,156	5,445
		2012	35,455	35,025
Total Title II-A			40,611	40,470
Total U. S. Department of Education			708,533	693,363
Total Federal Financial Assistance			\$ 900,018	\$ 884,848

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, 2012

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: NATIONAL SCHOOL LUNCH PROGRAM

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, 2012, the School District had no significant food commodities inventory.

**GREEN LOCAL SCHOOL DISTRICT
WAYNE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133, Section .505
JUNE 30, 2012**

1. SUMMARY OF AUDITOR'S RESULTS
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(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 other significant deficiency conditions reported at the financial statement level (GAGAS)?	No
(d) (1) (iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	Yes
(d) (1) (iv)	Was there any material internal control weakness conditions reported for major federal programs?	No
(d) (1) (iv)	Were there any other significant deficiencies 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?	No
(d) (1) (vii)	Major Programs (list): Education Jobs	CFDA #84.410
(d) (1) (viii)	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: All others
(d) (1) (ix)	Low Risk Auditee?	Yes

**GREEN LOCAL SCHOOL DISTRICT
WAYNE COUNTY
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
OMB CIRCULAR A-133, Section .505
JUNE 30, 2012**

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

**FINDING 2012-001
Material Non-Compliance**

Criteria: Ohio Admin. Code Section 117-2-03(B) requires the School District to prepare its annual financial report in accordance with generally accepted accounting principles (GAAP).

Condition: The School District chose to prepare its financial statements and notes on the basis of modified cash receipts and disbursements, which is a comprehensive basis of accounting other than GAAP.

Cause: The Green Local School District Board of Education elected, per resolution II. D. on September 17, 2012, to discontinue preparing its financial statements in accordance with GAAP. It was determined that the decision on whether or not to comply will be revisited annually and reviewed in conjunction with recommendation of the Treasurer.

Potential Effect: The financial statements and notes omit assets, liabilities, fund equities, and disclosures that are material, however, cannot be determined at this time.

Recommendation: It is recommended that the School District prepare its annual financial report in accordance with GAAP to comply with Ohio Admin. Code Section 117-2-03(B).

Client Response: The Green Local School District Board of Education recognizes the value in preparing accurate and timely financial statements to reflect the School District's operations as of fiscal year end. Due to the cost requirement of preparing these financial statements according to Generally Accepted Accounting Principles (GAAP), the Board has determined that preparing year-end statements on a modified cash basis of accounting will accurately reflect the district's financial position and allow for those resources previously spent on GAAP preparation to be allocated to education purposes.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
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None noted

**GREEN LOCAL SCHOOL DISTRICT
WAYNE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A-133, SECTION .315(b)
JUNE 30, 2012**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain
2011-001	Material Non-Compliance – The School District’s financial statements are prepared on the modified cash basis.	No	Will be repeated as finding 2012-001.



Dave Yost • 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
JANUARY 24, 2013**