



Dave Yost • Auditor of State



**GREEN LOCAL SCHOOL DISTRICT  
SUMMIT COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Green Local School District  
Summit County  
PO Box 218  
1755 Town Park Boulevard  
Green, Ohio 44232

To the Board of Education:

### ***Report on the Financial Statements***

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Green Local School District, Summit County, Ohio (the District), as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

Management is responsible for preparing and fairly presenting these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

### ***Auditor's Responsibility***

Our responsibility is to opine on these financial statements based on our audit. We audited in accordance with auditing standards generally accepted in the United States of America and the financial audit standards in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require us to plan and perform the audit to reasonably assure the financial statements are free from material misstatement.

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the District's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not to the extent needed to opine on the effectiveness of the District's internal control. Accordingly, we express no opinion. An audit also includes evaluating the appropriateness of management's accounting policies and the reasonableness of their significant accounting estimates, as well as our evaluation of the overall financial statement presentation.

We believe the audit evidence we obtained is sufficient and appropriate to support our audit opinions.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Green Local School District, Summit County, Ohio, as of June 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

***Other Matters***

***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require this presentation to include *Management's discussion and analysis*, listed in the table of contents, to supplement the basic financial statements. Although this information is not part of the basic financial statements, the Governmental Accounting Standards Board considers it essential for placing the basic financial statements in an appropriate operational, economic, or historical context. We applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, consisting of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, to the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not opine or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to opine or provide any other assurance.

***Supplementary and Other Information***

Our audit was conducted to opine on the District's basic financial statements taken as a whole.

The Federal Awards Receipts and Expenditures Schedule (the Schedule) presents additional analysis as required by the U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and is also not a required part of the financial statements.

The Schedule is management's responsibility, and derives from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this Schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling the Schedule 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 Schedule is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 11, 2014, on our consideration of the 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. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State  
Columbus, Ohio

March 11, 2014

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**Green Local School District**  
**Summit County, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2013*  
*(Unaudited)*

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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, 2013. The intent of this discussion and analysis is to look at the School District's performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

***Financial Highlights***

Key financial highlights for 2013 are as follows:

- Net position increased \$651,608, which represents a 32.4 percent increase from 2012.
- Capital assets decreased \$641,023 during fiscal year 2013.
- During the year, outstanding debt decreased from \$23,167,674 to \$20,431,991 due to principal payments made by the School District.

***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 Position and Statement of Activities* provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide 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 nonmajor funds presented in total in one column. In the case of the Green Local School District, the general fund is by far the most significant fund.

***Reporting the School District as a Whole***

*Statement of Net Position and the Statement of Activities*

While the basic financial statements contain 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 2013?" The *Statement of Net Position* and the *Statement of Activities* answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

**Green Local School District**  
**Summit County, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2013*

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These two statements report the School District's net position and changes in net position. This change in net position 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 Position* and the *Statement of Activities*, Governmental Activities include the School District's programs and services, including instruction, support services, extracurricular activities, and non-instructional services, e.g., food service operations.

***Reporting the School District's Most Significant Funds***

***Fund Financial Statements***

The major funds financial statements begin on page 16. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions; however, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the general fund, debt service fund and permanent improvement fund.

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

***Proprietary Fund*** The School District maintains one type of proprietary fund. Internal service funds are an accounting device used to accumulate and allocate costs internally among the School District's various functions. The School District uses an internal service fund to account for its health insurance benefits. Because this service predominately benefits governmental functions, it has been included within the governmental activities in the government-wide financial statements. The proprietary fund financial statements begin on page 21.

***Reporting the School District's Fiduciary Responsibilities***

The School District is the trustee, or fiduciary, for some of its scholarship programs. This activity is presented as a private purpose trust fund. The School District also acts in a trustee capacity as an agent for individuals, private organizations, other governmental units and/or other funds. These activities are reported in one agency fund. The School District's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position on pages 24 and 25. These activities are excluded from the School District's other financial statements because the assets cannot be utilized by the School District to finance its operations.

**Green Local School District**  
**Summit County, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2013*

**The School District as a Whole**

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position for 2013 compared to 2012:

**Table 1**  
**Net Position**

	<u>Governmental Activities</u>	
	<u>2013</u>	<u>2012</u>
<b>Assets</b>		
Current and Other Assets	\$ 29,860,919	\$ 29,553,818
Capital Assets	38,287,369	38,928,392
<i>Total Assets</i>	<u>68,148,288</u>	<u>68,482,210</u>
<b>Liabilities</b>		
Current Liabilities	32,676,028	32,471,455
Long-Term Liabilities	32,809,252	33,999,355
<i>Total Liabilities</i>	<u>65,485,280</u>	<u>66,470,810</u>
<b>Net Position</b>		
Net Investment in Capital Assets	20,684,563	19,946,452
Restricted	1,735,522	1,244,846
Unrestricted	(19,757,077)	(19,179,898)
<i>Total Net Position</i>	<u>\$ 2,663,008</u>	<u>\$ 2,011,400</u>

At year end, capital assets represented 56.2 percent of total assets. Capital assets include, land, buildings and improvements, furniture and equipment and vehicles. Net investment in capital assets was \$20,684,563 at June 30, 2013. These capital assets are used to provide services to students and are not available for future spending. Although the School District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the School District's net position, \$1,735,522, or 65 percent, represents resources that are subject to external restrictions on how they may be used.

Long-term liabilities decreased \$1,190,103 from fiscal year 2012 due to principal payments made on debt obligations as well as the City of Green's refinancing of the Learning Center debt obligation, which reduced the debt obligation of the School District.

**Green Local School District**  
**Summit County, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2013*

Table 2 shows the changes in net position for fiscal year 2013 and 2012.

**Table 2**  
**Changes in Net Position**

	Governmental Activities	
	2013	2012
<b>Revenues</b>		
<i>Program Revenues:</i>		
Charges for Services	\$ 2,423,303	\$ 2,632,977
Operating Grants	1,839,540	1,929,843
Capital Grants	786,965	910,872
<i>Total Program Revenues</i>	<u>5,049,808</u>	<u>5,473,692</u>
<i>General Revenues:</i>		
Property Taxes	23,746,068	22,899,534
Grants and Entitlements Not Restricted	13,995,532	13,306,610
Other	222,043	75,614
<i>Total General Revenues</i>	<u>37,963,643</u>	<u>36,281,758</u>
	<u>43,013,451</u>	<u>41,755,450</u>
<b>Program Expenses</b>		
<i>Instruction:</i>		
Regular	16,901,574	16,516,526
Special	6,573,451	5,956,314
Vocational	151,513	147,298
Student Intervention Services	70,492	96,065
Other	1,447,971	1,221,324
<i>Support Services:</i>		
Pupils	2,611,344	2,097,293
Instructional Staff	1,964,906	1,916,213
Board of Education	27,003	18,167
Administration	2,985,177	2,952,906
Fiscal	1,249,830	1,650,495
Business	202,581	208,353
Operation and Maintenance of Plant	3,034,604	3,642,618
Pupil Transportation	2,130,902	2,008,556
Central	8,546	0
<i>Operation of Non-Instructional Services:</i>		
Food Service Operations	1,059,113	1,119,105
Community Services	138,130	139,849
Extracurricular Activities	1,391,324	1,544,665
Interest and Fiscal Charges	413,382	915,133
<i>Total Expenses</i>	<u>42,361,843</u>	<u>42,150,880</u>
<i>Increase (Decrease) in Net Position</i>	651,608	(395,430)
<i>Net Position at Beginning of Year</i>	<u>2,011,400</u>	<u>2,406,830</u>
<i>Net Position at End of Year</i>	<u>\$ 2,663,008</u>	<u>\$ 2,011,400</u>

**Green Local School District**  
**Summit County, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2013*

Revenues increased \$1,258,001 from fiscal year 2012. Property tax revenue showed an increase of \$846,534, due in part to the passage of the emergency levy in 2012, with the second half of 2012 being collected in 2013. There was also a large decrease in the amount available for advance. Unrestricted grant revenue also increased due to an increase in open enrollment receipts from other School Districts.

Fiscal expenses decreased \$400,665 due to a reduction in tax settlement fees paid to Summit County while pupil expenses increased \$514,051 primarily due to increased payments to Summit County Educational Service Center for services. Operation and maintenance expenses decreased \$608,014 due to a decrease in salaries and benefits expenses as well as the completion of the elevator and asbestos abatement projects. Regular instruction expenses increased \$385,048 primarily due to an increase in benefits accrued. Special instruction expenses increased \$602,137 primarily due to a claim settlement agreement entered into by the School District. Interest expense decreased primarily due to the Learning Center debt obligation refinancing by the City of Green, which reduced the interest rate.

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**

	Total Cost of Service		Net Cost of Service	
	2013	2012	2013	2012
<b>Instruction:</b>				
Regular	\$ 16,901,574	\$ 16,516,526	\$ 15,837,045	\$ 15,357,327
Special	6,573,451	5,956,314	5,777,733	4,662,007
Vocational	151,513	147,298	151,513	144,033
Student Intervention Services	70,492	96,065	70,492	96,065
Other	1,447,971	1,221,324	1,447,971	1,221,324
<b>Support Services:</b>				
Pupils	2,611,344	2,097,293	1,678,083	1,687,093
Instructional Staff	1,964,906	1,916,213	1,932,031	1,868,803
Board of Education	27,003	18,167	27,003	18,167
Administration	2,985,177	2,952,906	2,973,785	2,938,132
Fiscal	1,249,830	1,650,495	1,249,830	1,650,495
Business	202,581	208,353	202,581	208,353
Operation and Maintenance of Plant	3,034,604	3,642,618	2,657,895	3,112,616
Pupil Transportation	2,130,902	2,008,556	2,130,902	2,008,556
Central	8,546	0	8,546	0
<b>Operation of Non-Instructional Services:</b>				
Food Service Operations	1,059,113	1,119,105	(20,900)	(76,048)
Community Services	138,130	139,849	13,011	29,974
Extracurricular Activities	1,391,324	1,544,665	761,132	835,158
<b>Debt Service:</b>				
Interest and Fiscal Charges	413,382	915,133	413,382	915,133
<b>Total Expenses</b>	<b>\$ 42,361,843</b>	<b>\$ 42,150,880</b>	<b>\$ 37,312,035</b>	<b>\$ 36,677,188</b>

**Green Local School District**  
**Summit County, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2013*

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The dependence upon general revenues for governmental activities is apparent. Over 88 percent of governmental activities are supported through taxes and other general revenues. The community, as a whole, is by far the primary support for the School District students.

***Governmental Funds***

Information about the School District's major funds starts on page 16. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues (excluding other financing sources) of \$42,318,066, and expenditures (excluding other financing uses) of \$42,929,397 for fiscal year 2013.

The general fund's net change in fund balance for fiscal year 2013 was a decrease of \$467,047. Revenue increased over \$1 million primarily due to an increase in tax revenue. This increase is due to the emergency levy that passed in May, 2012; the second-half of 2012 property taxes was collected in 2013. Expenditures also saw a slight increase over 2012, mostly in instructional costs.

The fund balance of the debt service fund decreased by \$36,913 due to the timing of revenues to cover debt payments.

The fund balance of the permanent improvement fund increased by \$483,639 as a result of the timing difference of the collection of taxes as compared to project expenditures.

***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 2013, the School District did amend its general fund budget a few times. The School District uses site-based budgeting and budgeting systems are designed to tightly control total site budgets but provide flexibility for site management

For the general fund, actual revenue (excluding other financing sources) of \$35,677,131 was lower than the final budget basis revenue by \$702.

Final expenditure appropriations (excluding other financing uses) of \$36,575,308 were \$108,953 higher than the actual expenditures of \$36,466,355, as cost savings were recognized for instruction and student support services throughout the year.

Final budget basis revenue (excluding other financing sources) was \$2,159,774 higher than original budget. Final budget basis expenditures (excluding other financing uses) were \$1,176,113 higher than original budget. Both variances were primarily due to a conservative budget for the impact of the new tax levy.

**Green Local School District**  
**Summit County, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2013*

**Capital Assets and Debt Administration**

**Capital Assets**

At the end of fiscal year 2013, the School District had \$38,287,369 invested in capital assets. Table 4 shows fiscal year 2013 balances compared with 2012.

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

	Governmental Activities	
	2013	2012
Land	\$ 1,031,143	\$ 1,031,143
Construction in Progress	0	6,893
Buildings and Improvements	35,098,830	36,066,752
Furniture and Equipment	999,969	1,150,689
Vehicles	1,157,427	672,915
<i>Totals</i>	<u>\$ 38,287,369</u>	<u>\$ 38,928,392</u>

The \$641,023 decrease in capital assets was attributable to depreciation and disposals exceeding additional purchases. See Note 9 for more information about the capital assets of the School District.

**Debt**

At June 30, 2013, the School District had \$20,431,991 in debt outstanding. See Note 14 for additional details. Table 5 summarizes bonds, notes and leases outstanding.

**Table 5**  
**Outstanding Debt at Year End**

	Governmental Activities	
	2013	2012
2009 Bond Refunding	\$ 9,715,000	\$ 10,940,000
Refunding Loss	(69,325)	(79,228)
Premium on Debt Issuance	238,201	272,230
Learning Center Obligation	7,286,561	8,034,672
Capital Lease	594,887	0
Notes Payable	2,666,667	4,000,000
<i>Total</i>	<u>\$ 20,431,991</u>	<u>\$ 23,167,674</u>

**Green Local School District**  
**Summit County, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2013*

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***Current Issues***

The Green Local School District continues to receive strong support from the residents of Green Local School District. As the preceding information shows, Green Local School District relies heavily on its local property taxpayers. The last emergency levy passed by the residents of the district was in May, 2011, in the amount of \$4.8 million.

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

Thus, Green Local School District's dependence upon property taxes is hampered by a lack of revenue growth and must regularly return to the voters to maintain a constant level of service. Property taxes made up 56 percent of revenues for governmental activities for the Green Local School District in fiscal year 2013.

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

Green Local Schools is slated to receive a 6 percent increase in State foundation dollars in fiscal year 2014 and 10 percent increase in fiscal year 2015. This figure remains unverifiable since the Ohio Department of Education has not yet begun paying the increased rates and the amount of new charter school charges has yet to be determined.

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

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



**Green Local School District**  
**Summit County, Ohio**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2013*

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***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 Eydie Snowberger, Treasurer of Green Local School District, 1755 Town Park Blvd, P.O. Box 218, Green, Ohio 44232.

**Green Local School District**  
**Summit County, Ohio**  
*Statement of Net Position*  
*June 30, 2013*

	Governmental Activities
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$ 3,544,831
Receivables:	
Accounts	80,256
Intergovernmental	310,891
Property Taxes	25,762,425
Deferred Charges	162,516
Nondepreciable Capital Assets	1,031,143
Depreciable Capital Assets (Net)	37,256,226
<i>Total Assets</i>	68,148,288
<b>Liabilities</b>	
Accounts Payable	240,233
Accrued Wages and Benefits	4,252,285
Intergovernmental Payable	1,062,790
Accrued Vacation Leave Payable	137,334
Matured Compensated Absences Payable	102,065
Accrued Interest Payable	63,247
Deferred Revenue	24,151,407
Notes Payable	2,666,667
Long Term Liabilities:	
Due Within One Year	2,410,459
Due In More Than One Year	30,398,793
<i>Total Liabilities</i>	65,485,280
<b>Net Position</b>	
Net Investment in Capital Assets	20,684,563
Restricted For:	
Capital Outlay	869,747
Debt Service	767,417
Other Purposes	98,358
Unrestricted	(19,757,077)
<i>Total Net Position</i>	\$ 2,663,008

See accompanying notes to the basic financial statements.

**Green Local School District**  
**Summit County, Ohio**  
*Statement of Activities*  
For the Fiscal Year Ended June 30, 2013

	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>					
Instruction:					
Regular	\$ 16,901,574	\$ 1,046,445	\$ 18,084	\$ 0	\$ (15,837,045)
Special	6,573,451	103,656	692,062	0	(5,777,733)
Vocational	151,513	0	0	0	(151,513)
Student Intervention Services	70,492	0	0	0	(70,492)
Other	1,447,971	0	0	0	(1,447,971)
Support Services:					
Pupils	2,611,344	358,333	574,928	0	(1,678,083)
Instructional Staff	1,964,906	0	32,875	0	(1,932,031)
Board of Education	27,003	0	0	0	(27,003)
Administration	2,985,177	0	11,392	0	(2,973,785)
Fiscal	1,249,830	0	0	0	(1,249,830)
Business	202,581	0	0	0	(202,581)
Operation and Maintenance of Plant	3,034,604	0	0	376,709	(2,657,895)
Pupil Transportation	2,130,902	0	0	0	(2,130,902)
Central	8,546	0	0	0	(8,546)
Operation of Non-Instructional Services:					
Food Service Operations	1,059,113	694,933	385,080	0	20,900
Community Services	138,130	0	125,119	0	(13,011)
Extracurricular Activities	1,391,324	219,936	0	410,256	(761,132)
Debt Service:					
Interest and Fiscal Charges	413,382	0	0	0	(413,382)
<b>Total</b>	<b>\$ 42,361,843</b>	<b>\$ 2,423,303</b>	<b>\$ 1,839,540</b>	<b>\$ 786,965</b>	<b>(37,312,035)</b>

**General Revenues**

Property Taxes Levied for:	
General Purposes	19,735,916
Debt Service	1,380,460
Capital Outlay	2,629,692
Grants and Entitlements Not Restricted to Specific Programs	13,995,532
Investment Earnings	6,865
Miscellaneous	215,178
<b>Total General Revenues</b>	<b>37,963,643</b>
<b>Change in Net Position</b>	<b>651,608</b>
<b>Net Position Beginning of Year</b>	<b>2,011,400</b>
<b>Net Position End of Year</b>	<b>\$ 2,663,008</b>

See accompanying notes to the basic financial statements.

**Green Local School District**  
**Summit County, Ohio**  
*Balance Sheet*  
*Governmental Funds*  
*June 30, 2013*

	General	Debt Service	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Equity in Pooled Cash and Cash Equivalents	\$ 1,682,023	\$ 704,169	\$ 861,337	\$ 271,167	\$ 3,518,696
Receivables:					
Accounts	80,256	0	0	0	80,256
Interfund	35,609	0	0	0	35,609
Intergovernmental	188,820	0	0	122,071	310,891
Property Taxes	20,213,128	2,689,364	2,859,933	0	25,762,425
<i>Total Assets</i>	<u>\$ 22,199,836</u>	<u>\$ 3,393,533</u>	<u>\$ 3,721,270</u>	<u>\$ 393,238</u>	<u>\$ 29,707,877</u>
<b>Liabilities and Fund Balances</b>					
<b>Liabilities</b>					
Accounts Payable	\$ 178,042	\$ 0	\$ 24,533	\$ 37,658	\$ 240,233
Accrued Wages and Benefits	4,059,303	0	39,693	153,289	4,252,285
Intergovernmental Payable	1,013,979	0	12,070	36,741	1,062,790
Matured Compensated Absences Payable	102,065	0	0	0	102,065
Interfund Payable	0	0	0	35,609	35,609
Deferred Revenue	19,444,538	2,623,655	2,732,239	12,391	24,812,823
Notes Payable	2,666,667	0	0	0	2,666,667
<i>Total Liabilities</i>	<u>27,464,594</u>	<u>2,623,655</u>	<u>2,808,535</u>	<u>275,688</u>	<u>33,172,472</u>
<b>Fund Balances</b>					
Restricted	0	769,878	912,735	139,509	1,822,122
Assigned	14,436	0	0	0	14,436
Unassigned	(5,279,194)	0	0	(21,959)	(5,301,153)
<i>Total Fund Balances</i>	<u>(5,264,758)</u>	<u>769,878</u>	<u>912,735</u>	<u>117,550</u>	<u>(3,464,595)</u>
<i>Total Liabilities and Fund Balances</i>	<u>\$ 22,199,836</u>	<u>\$ 3,393,533</u>	<u>\$ 3,721,270</u>	<u>\$ 393,238</u>	<u>\$ 29,707,877</u>

See accompanying notes to the basic financial statements.

**Green Local School District**  
**Summit County, Ohio**  
*Reconciliation of Total Governmental Fund Balances to*  
*Net Position of Governmental Activities*  
*June 30, 2013*

<b>Total Governmental Fund Balances</b>		\$ (3,464,595)
 <i>Amounts reported for governmental activities in the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		38,287,369
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Property Taxes	\$ 460,205	
Charges for Services	188,820	
Intergovernmental	12,391	661,416
An internal service fund is used by management to charge the costs of insurance to individual funds. The assets and liabilities of the internal service fund are included in governmental activities in the statement of net position.		26,135
In the statement of activities, bond issuance costs are amortized over the term of the bonds, whereas in governmental funds a bond issuance expenditure is reported when bonds are issued.		162,516
In the statement of activities, interest is accrued on outstanding bonds, whereas in the governmental funds, an interest expenditure is not reported.		(63,247)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
Learning Center Obligation	(7,286,561)	
General Obligation Bonds	(9,883,877)	
Capital Lease Payable	(594,887)	
Claims Settlement Payable	(661,037)	
Compensated Absences	(1,705,823)	
Vacation Payable	(137,334)	
Unearned Revenue-Long Term (See Note 14)	(12,677,067)	(32,946,586)
 <i>Net Position of Governmental Activities</i>		 \$ 2,663,008

See accompanying notes to the basic financial statements.

**Green Local School District**  
**Summit County, Ohio**  
*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Funds*  
*For the Fiscal Year Ended June 30, 2013*

	General	Debt Service	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>					
Property and Other Local Taxes	\$ 19,697,140	\$ 1,378,924	\$ 2,624,307	\$ 0	\$ 23,700,371
Intergovernmental	13,415,101	226,737	475,258	1,842,148	15,959,244
Investment Income	6,798	0	0	68	6,866
Tuition and Fees	1,039,296	0	0	0	1,039,296
Extracurricular Activities	456,575	0	0	215,481	672,056
Rentals	28,123	0	0	0	28,123
Charges for Services	0	0	0	694,933	694,933
Contributions and Donations	0	0	17,000	0	17,000
Miscellaneous	198,927	0	0	1,250	200,177
<i>Total Revenues</i>	<u>34,841,960</u>	<u>1,605,661</u>	<u>3,116,565</u>	<u>2,753,880</u>	<u>42,318,066</u>
<b>Expenditures</b>					
Current:					
Instruction:					
Regular	15,508,283	0	62,560	42,237	15,613,080
Special	5,401,150	0	9,839	587,001	5,997,990
Vocational	148,839	0	0	0	148,839
Student Intervention Services	70,492	0	0	0	70,492
Other	1,447,974	0	0	0	1,447,974
Support Services:					
Pupils	2,034,036	0	0	578,933	2,612,969
Instructional Staff	1,304,113	0	553,367	104,601	1,962,081
Board of Education	27,003	0	0	0	27,003
Administration	2,560,591	0	334,551	11,482	2,906,624
Fiscal	1,160,534	31,961	60,746	0	1,253,241
Business	201,716	0	0	0	201,716
Operation and Maintenance of Plant	2,538,615	0	286,583	0	2,825,198
Pupil Transportation	1,912,150	0	136,921	0	2,049,071
Central	8,546	0	0	0	8,546
Extracurricular Activities	857,913	0	42,184	288,444	1,188,541
Operation of Non-Instructional Services:					
Food Service Operations	0	0	0	1,044,894	1,044,894
Community Services	0	0	0	138,130	138,130
Capital Outlay	0	0	1,248,095	0	1,248,095
Debt Service:					
Principal Retirement	0	1,225,000	492,967	0	1,717,967
Interest and Fiscal Charges	81,333	385,613	0	0	466,946
<i>Total Expenditures</i>	<u>35,263,288</u>	<u>1,642,574</u>	<u>3,227,813</u>	<u>2,795,722</u>	<u>42,929,397</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(421,328)</u>	<u>(36,913)</u>	<u>(111,248)</u>	<u>(41,842)</u>	<u>(611,331)</u>
<b>Other Financing Sources (Uses)</b>					
Proceeds from Sale of Capital Assets	9,281	0	0	0	9,281
Inception of Capital Lease	0	0	594,887	0	594,887
Transfers In	0	0	0	55,000	55,000
Transfers Out	(55,000)	0	0	0	(55,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(45,719)</u>	<u>0</u>	<u>594,887</u>	<u>55,000</u>	<u>604,168</u>
<i>Net Change in Fund Balance</i>	<u>(467,047)</u>	<u>(36,913)</u>	<u>483,639</u>	<u>13,158</u>	<u>(7,163)</u>
<i>Fund Balances Beginning of Year</i>	<u>(4,797,711)</u>	<u>806,791</u>	<u>429,096</u>	<u>104,392</u>	<u>(3,457,432)</u>
<i>Fund Balances End of Year</i>	<u>\$ (5,264,758)</u>	<u>\$ 769,878</u>	<u>\$ 912,735</u>	<u>\$ 117,550</u>	<u>\$ (3,464,595)</u>

The accompanying notes are an integral part of the basic financial statements.

See accompanying notes to the basic financial statements.

**Green Local School District**  
**Summit County, Ohio**  
*Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the Fiscal Year Ended June 30, 2013*

<b>Net Change in Fund Balances - Total Governmental Funds</b>	\$	(7,163)
 <i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded additions in the current period.		
Capital Asset Additions	\$ 1,038,858	
Current Year Depreciation	<u>(1,679,881)</u>	(641,023)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Unearned Revenue	393,256	
Property Taxes	45,697	
Charges for Services	(11,104)	
Intergovernmental	<u>12,391</u>	440,240
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
General Obligation Bonds	1,225,000	
Learning Center Obligation	<u>492,967</u>	1,717,967
Change in 2005 Learning Center Obligation (See Note 14).		255,144
In the statement of activities, interest is accrued on outstanding bonds, and bond premium and bond issuance costs and the gain/loss on refunding are amortized over the term of the bonds, whereas in governmental funds, an interest expenditure is reported when bonds are issued.		
Accrued Interest Payable	52,654	
Amortization of Issuance Costs	(23,216)	
Amortization of Premium on Bonds	34,029	
Amortization of Refunding Loss	<u>(9,903)</u>	53,564
The internal service fund used by management to charge the costs of insurance to individual funds is not reported in the district-wide statement of activities. Governmental expenditures and related internal service fund revenues are eliminated. The net revenue (expense) of the internal service fund is allocated among the governmental activities.		
		16,161
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Compensated Absences	(115,875)	
Vacation Benefits Payable	17,108	
Severance	171,409	
Claims Settlement Payable	(661,037)	
Capital Leases	<u>(594,887)</u>	<u>(1,183,282)</u>
 <i>Change in Net Position of Governmental Activities</i>		 <u>\$ 651,608</u>

See accompanying notes to the basic financial statements.

**Green Local School District**  
**Summit County, Ohio**  
*Statement of Revenues, Expenditures, and Changes in Fund Balance -*  
*Budget (Non-GAAP Basis) and Actual*  
*General Fund*  
*For the Fiscal Year Ended June 30, 2013*

	Budgeted Amounts			Variance with Final Budget Over (Under)
	Original	Final	Actual	
<b>Revenues</b>				
Property and Other Local Taxes	\$ 19,705,164	\$ 20,974,942	\$ 20,975,355	\$ 413
Intergovernmental	12,602,732	13,414,837	13,415,101	264
Investment Income	6,386	6,798	6,798	0
Tuition and Fees	976,360	1,039,276	1,039,296	20
Extracurricular Activities	88,108	93,785	93,787	2
Rentals	26,420	28,122	28,123	1
Miscellaneous	111,485	118,669	118,671	2
<i>Total Revenues</i>	<u>33,516,655</u>	<u>35,676,429</u>	<u>35,677,131</u>	<u>702</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	14,949,877	15,446,575	15,400,563	46,012
Special	5,248,069	5,422,433	5,406,280	16,153
Vocational	143,331	148,093	147,652	441
Student Intervention Services	71,059	73,420	73,201	219
Other	1,405,456	1,452,152	1,447,826	4,326
Support Services:				
Pupils	1,647,937	1,702,688	1,697,616	5,072
Instructional Staff	1,293,941	1,336,932	1,332,949	3,983
Board of Education	24,405	25,216	25,141	75
Administration	2,549,196	2,633,891	2,626,045	7,846
Fiscal	1,137,124	1,174,904	1,171,404	3,500
Business	199,178	205,795	205,182	613
Operation and Maintenance of Plant	2,651,597	2,739,694	2,731,533	8,161
Pupil Transportation	1,865,226	1,927,197	1,921,456	5,741
Central	8,296	8,572	8,546	26
Extracurricular Activities	831,236	858,853	856,295	2,558
Debt Service:				
Principal Retirement	1,294,314	1,337,317	1,333,333	3,984
Interest and Fiscal Charges	78,953	81,576	81,333	243
<i>Total Expenditures</i>	<u>35,399,195</u>	<u>36,575,308</u>	<u>36,466,355</u>	<u>108,953</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(1,882,540)</u>	<u>(898,879)</u>	<u>(789,224)</u>	<u>109,655</u>
<b>Other Financing Sources (Uses)</b>				
Proceeds from Sale of Capital Assets	8,719	9,281	9,281	0
Transfers Out	(53,390)	(55,164)	(55,000)	164
<i>Total Other Financing Sources (Uses)</i>	<u>(44,671)</u>	<u>(45,883)</u>	<u>(45,719)</u>	<u>164</u>
<i>Net Change in Fund Balance</i>	<u>(1,927,211)</u>	<u>(944,762)</u>	<u>(834,943)</u>	<u>109,819</u>
<i>Fund Balance Beginning of Year</i>	1,783,238	1,783,238	1,783,238	0
Prior Year Encumbrances Appropriated	113,605	113,605	113,605	0
<i>Fund Balance End of Year</i>	<u>\$ (30,368)</u>	<u>\$ 952,081</u>	<u>\$ 1,061,900</u>	<u>\$ 109,819</u>

See accompanying notes to the basic financial statements.



**Green Local School District**  
**Summit County, Ohio**  
*Statement of Fund Net Position*  
*Proprietary Fund*  
*June 30, 2013*

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	Governmental Activities - Internal Service Fund
	<u>                    </u>
<b>Assets</b>	
<i>Current Assets</i>	
Equity in Pooled Cash and Cash Equivalents	\$ 26,135
	<u>                    </u>
<b>Net Position</b>	
Unrestricted	26,135
	<u>                    </u>
<i>Total Net Position</i>	<u>                    </u> <u>                    </u>

See accompanying notes to the basic financial statements.

**Green Local School District**  
**Summit County, Ohio**  
*Statement of Revenues, Expenses, and Changes in Fund Net Position*  
*Proprietary Fund*  
*For the Fiscal Year Ended June 30, 2013*

	Governmental Activities - Internal Service Fund
<b>Operating Revenue</b>	
Other	\$ 73,254
<b>Operating Expenses</b>	
Materials and supplies	57,093
<i>Change in Net Position</i>	16,161
<i>Net Position Beginning of Year</i>	9,974
<i>Net Position End of Year</i>	\$ 26,135

See accompanying notes to the basic financial statements.

**Green Local School District**  
**Summit County, Ohio**  
*Statement of Cash Flows*  
*Proprietary Fund*  
For the Fiscal Year Ended June 30, 2013

	Governmental Activities - Internal Service Fund
<hr/> <hr/>	
<b>Cash Flows From Operating Activities</b>	
Other Cash Receipts	\$ 73,254
Cash Paid for Goods and Services	<u>(57,133)</u>
<i>Net Cash Provided By (Used For) Operating Activities</i>	<u>16,121</u>
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>10,014</u>
<i>Cash and Cash Equivalents End of Year</i>	<u><u>\$ 26,135</u></u>
<b>Reconciliation of Operating Income to Net Cash Provided By (Used For) Operating Activities</b>	
Operating Income (Loss)	\$ 16,161
Adjustments:	
Increase (Decrease) in Liabilities:	
Accounts Payable	<u>(40)</u>
<i>Total Adjustments</i>	<u>(40)</u>
<i>Net Cash Provided By (Used For) Operating Activities</i>	<u><u>\$ 16,121</u></u>

See accompanying notes to the basic financial statements.

**Green Local School District**  
**Summit County, Ohio**  
*Statement of Fiduciary Net Position*  
*Fiduciary Funds*  
*June 30, 2013*

	Private Purpose Trust	Agency
<b>Assets</b>		
Equity in Pooled Cash and Cash Equivalents	\$ 3,669	\$ 163,834
<i>Total Assets</i>	3,669	\$ 163,834
<b>Liabilities</b>		
Accounts Payable	0	\$ 547
Undistributed Monies	0	163,287
<i>Total Liabilities</i>	0	\$ 163,834
<b>Net Position</b>		
Held in Trust for Scholarships	\$ 3,669	

See accompanying notes to the basic financial statements.

**Green Local School District**  
**Summit County, Ohio**  
*Statement of Changes in Fiduciary Net Position*  
*Private Purpose Trust Fund*  
*For the Fiscal Year Ended June 30, 2013*

	Private Purpose Trust
<b>Additions</b>	
Gifts and Contributions	\$ 1,000
<i>Total Additions</i>	1,000
<b>Deductions</b>	
Payments in Accordance with Trust Agreements	1,000
<i>Change in Net Position</i>	0
<i>Net Position Beginning of Year</i>	3,669
<i>Net Position End of Year</i>	\$ 3,669

See accompanying notes to the basic financial statements.

**Green Local School District**  
**Summit County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2013*

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**NOTE 1 – DESCRIPTION OF THE SCHOOL DISTRICT**

The Green Local School District (the School District) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The School District operates under a locally-elected five-member board of education and provides educational services as mandated by state and/or federal agencies.

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

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

The School District is associated with two jointly governed organizations and one public entity risk pool. These organizations are the Northeast Ohio Network, the Interval Opportunity School and the Stark County Schools Council of Governments. These organizations are presented in Notes 18 and 19 to the basic financial statements.

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

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The most significant of the School District's accounting policies are described below.

***A. Basis of Presentation***

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

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

**Green Local School District**  
**Summit County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2013*

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

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

***B. Fund Accounting***

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

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

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

***Debt Service Fund*** The debt service fund is used to account for the accumulation of property tax revenues for, and the payment of, general obligation bonds used for the construction and renovation of facilities.

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

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

**Green Local School District**  
**Summit County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2013*

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

***Internal Service Fund*** The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost reimbursement basis. The School District's only internal service fund accounts for a self-insurance program for employee healthcare and prescription drug benefits (see Note 10).

***Fiduciary Funds*** Fiduciary fund reporting focuses on net position and changes in net position. 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 only trust fund is a private purpose trust fund, which accounts for several scholarship programs for students. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District's only agency fund accounts for student activities.

***C. Measurement Focus***

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

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

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

The private purpose trust fund is reported using the economic resources measurement focus. Agency funds do not report a measurement focus as they do not report operations.



**Green Local School District**  
**Summit County, Ohio**  
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***D. Basis of Accounting***

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

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

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

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

***Deferred Revenue*** Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2013, but which were levied to finance fiscal year 2014 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

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

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

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

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***E. Cash and Cash Equivalents***

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

During fiscal year 2013, the School District had investments in STAR Ohio, (the State Treasurer's Investment Pool) and a repurchase agreement. See Note 6 for a full listing of the School District's investments. Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investments contracts such as overnight repurchase agreements are reported at cost.

STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 2013.

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

Following Ohio statutes, the Board of Education has, by resolutions, identified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2013 amounted to \$6,798, which included \$3,645 assigned from other School District funds.

***F. Restricted Assets***

Assets are reported as restricted when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation.

***G. Capital Assets***

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

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

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

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

***H. Compensated Absences***

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

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

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

On the governmental fund statements, compensated absences are recognized as a liability and expenditure to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "matured compensated absences payable" in the funds from which the employee will be paid.

***I. Accrued Liabilities and Long-term Obligations***

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

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

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***J. Net Position***

Net position represents the difference between assets and liabilities. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through constitutional provisions or enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted for other purposes primarily include food service operations, non-instructional services, instruction of students and extracurricular activities.

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

***K. Fund Balance***

In accordance with Governmental Accounting Standards Board Statement No. 54, “*Fund Balance Reporting and Governmental Fund Type Definitions*,” the School District classifies its fund balance based on the purpose for which the resources were received and the level of constraint placed on the resources. The classifications are as follows:

*Nonspendable* – The nonspendable fund balance category 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” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed or assigned.

*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.

*Committed* – The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the School District Board of Education. Those committed amounts cannot be used for any other purpose unless the School District 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.

*Assigned* – Amounts in the assigned fund balance 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 policies of the School District 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.

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*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.

The School District applies restricted resources first when expenditures are incurred for purposes for which either restricted or unrestricted (committed, assigned and unassigned) amounts are available. Similarly, within unrestricted fund balance, committed amounts are reduced first followed by assigned and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used.

***L. Operating Revenues and Expenses***

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

***M. Interfund Activity***

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

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

***N. Extraordinary and Special Items***

Extraordinary items are transactions or events that are both unusual in the nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2013.

***O. Estimates***

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

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***P. Budgetary Data***

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

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2013.

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

***Encumbrances*** As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance.

***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.

***Q. Implementation of New Accounting Policies***

For the fiscal year ended June 30, 2013, the School District has implemented Governmental Accounting Standard Board (GASB) Statement No. 60, "*Accounting and Financial Reporting for Service Concession Arrangements*," GASB Statement No. 61, "*The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34*," GASB Statement No. 62, "*Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*," and GASB Statement No. 63, "*Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*."

GASB Statement No. 60 improves financial reporting by addressing issues related to service concession arrangements (SCAs), which are a type of public-private or public-public partnership. The implementation of GASB Statement No. 60 did not have an effect on the financial statements of the School District.

GASB Statement No. 61 improves guidance for including, presenting and disclosing information about component units and equity interest transactions of a financial reporting entity. The implementation of GASB Statement No. 61 did not have an effect on the financial statements of the School District.

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GASB Statement No. 62 incorporated into the GASB's authoritative literature certain accounting and financial reporting guidance that is included in the following pronouncements issued on or before November 30, 1989, which does not conflict with or contradict GASB pronouncements. The implementation of GASB Statement No. 62 did not have an effect on the financial statements of the School District.

GASB Statement No. 63 provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. It also amends the net asset reporting requirements in GASB Statement No. 34 by incorporating deferred outflows and inflows into the definitions and renaming the residual measure as net position, rather than net assets.

**NOTE 3 – FUND BALANCE**

Fund balance can be 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 funds are presented as follows:

	General Fund	Debt Service Fund	Permanent Improvement Fund	Other Governmental Funds	Total
Restricted for:					
Debt Service	\$ 0	\$ 769,878	\$ 0	\$ 0	\$ 769,878
Capital Outlay	0	0	912,735	0	912,735
Extracurricular	0	0	0	11,812	11,812
Food Service	0	0	0	82,423	82,423
Other Purposes	0	0	0	45,274	45,274
Total Restricted	<u>0</u>	<u>769,878</u>	<u>912,735</u>	<u>139,509</u>	<u>1,822,122</u>
Assigned for:					
Encumbrances:					
Support Services	14,436	0	0	0	14,436
Unassigned (Deficit)	<u>(5,279,194)</u>	<u>0</u>	<u>0</u>	<u>(21,959)</u>	<u>(5,301,153)</u>
Total Fund Balance (Deficit)	<u>\$ (5,264,758)</u>	<u>\$ 769,878</u>	<u>\$ 912,735</u>	<u>\$ 117,550</u>	<u>\$ (3,464,595)</u>

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**NOTE 4 – FUND DEFICITS**

Fund balances at June 30, 2013 included the following individual fund deficits:

	<u>Fund Balance</u>
General Fund	\$ 5,279,194
Nonmajor Governmental Funds:	
Miscellaneous State Grants	10,275
Race to the Top	1,419
IDEA Part B	10,265

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

**NOTE 5 – BUDGETARY BASIS OF ACCOUNTING**

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

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Encumbrances are treated as expenditures (budget) rather than as a reservation of fund balance (GAAP).
4. Some funds are included in the general fund (GAAP), but have separate legally adopted budgets (budget).



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

**Net Change in Fund Balance**

	General Fund
GAAP Basis	\$ (467,047)
Net Adjustment for Revenue Accruals	1,197,959
Net Adjustment for Expenditure Accruals	(1,090,883)
Funds Budgeted Elsewhere **	(27,655)
Adjustment for Encumbrances	(447,317)
Budget Basis	\$ (834,943)

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

**NOTE 6 – DEPOSITS AND INVESTMENTS**

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

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

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

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

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.

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

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

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

***Cash on Hand*** At year end, the School District had \$100 in undeposited cash on hand which is included on the balance sheet of the School District as part of equity in pooled cash and cash equivalents.

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**Deposits** At fiscal year end, the carrying amount of the School District’s deposits was \$(250,928). Based on criteria described in GASB 40, “Deposits and Investments Risk Disclosure”, as of June 30, 2013, 100 percent of the bank balance of \$10,002 was covered by FDIC.

**Investments** – Investments are reported at fair value, based on stated market rates at June 30, 2013. STAR Ohio is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form. As of June 30, 2013, the School District had the following investments:

Standard & Poors Rating		Fair Value	Investment	%
			Maturities 6 Months or Less	Total Investments
N/A	Repurchase Agreement	\$ 3,960,000	\$ 3,960,000	99.92%
AAAm	STAR Ohio	3,162	3,162	0.08%
	Totals	<u>\$ 3,963,162</u>	<u>\$ 3,963,162</u>	<u>100.00%</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.

STAR Ohio 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 STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The weighted average of maturity of the portfolio held by STAR Ohio as of June 30, 2013, is 58 days and carries a rating of AAAm by Standard and Poor’s.

**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.

**Credit Risk** – The School District’s investment credit ratings are summarized above. The School District’s investments in the federal agency securities that underlie the School District’s repurchase agreement were rated Aaa by Moody’s Investor Services.

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

**NOTE 7 – 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.

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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 2013 represents collections of calendar year 2012 taxes. Real property taxes received in calendar year 2013 were levied after April 1, 2012, on the assessed value listed as of January 1, 2012, 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 year 2013 represents collections of calendar year 2012 taxes. Public utility real and tangible personal property taxes received in calendar year 2013 became a lien December 31, 2011, were levied after April 1, 2012 and are collected in 2013 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 Summit County. The County Fiscal Officer periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2013, are available to finance fiscal year 2013 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property and public utility property taxes which are measurable as of June 30, 2013, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the delayed personal property tax and the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

The amount available as an advance at June 30, 2013 was \$957,410 in the general fund and \$65,709 in the debt service fund and \$127,694 in the permanent improvement fund. The amount available as an advance at June 30, 2012 was \$2,235,625 in the general fund and \$161,136 in the debt service fund and \$297,482 in the permanent improvement fund.

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The assessed values upon which the fiscal year 2013 taxes were collected are:

	2012 Second Half Collections		2013 First Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$ 641,866,680	97.64%	\$ 647,395,900	97.49%
Public Utility Personal Property	15,545,720	2.36%	16,695,090	2.51%
	\$ 657,412,400	100.00%	\$ 664,090,990	100.00%
Tax rate per \$1,000 assessed valuation	\$ 46.81		\$ 46.54	

**NOTE 8 - RECEIVABLES**

Receivables at June 30, 2013, consisted of accounts, taxes, interfund, a workers compensation refund and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds.

Intergovernmental receivables consisted of \$188,820 in excess costs due to the general fund, and \$122,071 in grants due to other governmental funds.

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**NOTE 9 – CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2013, was as follows:

	Balance 6/30/2012	Additions	Reductions	Balance 6/30/2013
<b>Governmental Activities</b>				
<i>Capital Assets, not being depreciated:</i>				
Land	\$ 1,031,143	\$ 0	\$ 0	\$ 1,031,143
Construction in Progress	6,893	0	(6,893)	0
Total Capital Assets, not being depreciated	<u>1,038,036</u>	<u>0</u>	<u>(6,893)</u>	<u>1,031,143</u>
<i>Capital Assets, being depreciated:</i>				
Buildings and improvements	57,147,327	450,864	0	57,598,191
Furniture and equipment	4,849,263	0	0	4,849,263
Vehicles	2,743,968	594,887	0	3,338,855
Total Capital Assets, being depreciated	<u>64,740,558</u>	<u>1,045,751</u>	<u>0</u>	<u>65,786,309</u>
Less Accumulated Depreciation:				
Buildings and improvements	(21,080,575)	(1,418,786)	0	(22,499,361)
Furniture and equipment	(3,698,574)	(150,720)	0	(3,849,294)
Vehicles	(2,071,053)	(110,375)	0	(2,181,428)
Total Accumulated Depreciation	<u>(26,850,202)</u>	<u>(1,679,881)</u>	<u>0</u>	<u>(28,530,083)</u>
Total Capital Assets being depreciated, net	<u>37,890,356</u>	<u>(634,130)</u>	<u>0</u>	<u>37,256,226</u>
<i>Governmental Activities Capital Assets, Net</i>	<u>\$ 38,928,392</u>	<u>\$ (634,130)</u>	<u>\$ (6,893)</u>	<u>\$ 38,287,369</u>

Depreciation expense was charged to governmental functions as follows:

<i>Governmental Activities:</i>	
Regular Instruction	\$ 1,130,534
Administration	61,388
Operation and Maintenance	171,854
Pupil Transportation	87,757
Food Services	15,448
Extracurricular Activities	<u>212,900</u>
Total Depreciation	<u>\$ 1,679,881</u>

**Green Local School District**  
**Summit County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2013*

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**NOTE 10 – RISK MANAGEMENT**

***A. Liability Insurance***

The School District is exposed to various risks of loss related to torts; theft of, damage to or destruction of assets; errors and omissions; employee injuries; and, natural disasters. During fiscal year 2013, the School District contracted with Netherlands Insurance for property and inland marine, liability insurance, and fleet insurance. Insurance settlements have not exceeded insurance coverage in each of the past three years, nor has there been a significant reduction in coverage from the prior year.

Coverage provided by Netherlands is as follows:

Building and Contents - Replacement Cost (\$5,000 deductible)	\$ 114,616,715
Inland Marine Coverage (\$500 deductible)	2,055,488
Boiler and Machinery (\$1,000 deductible)	1,100,000
Crime Insurance	50,000
Automobile Liability	1,000,000
Uninsured Motorist - per accident	50,000
General Liability:	
Per Occurance	1,000,000
Total Per Year	2,000,000
Commercial Liability	2,000,000

***B. Fidelity Bonds***

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

***C. Workers' Compensation***

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

***D. Employee Health Insurance***

The School District is a member of the Stark County Schools Council of Governments (the Council), through which a cooperative Health Benefit Program was created for the benefit of its members. The Health Benefit Program (the "Program") is an employee health benefit plan which covers the participating members' employees. The Council acts as a fiscal agent for the cash funds paid into the program by the participating school districts. These funds are pooled together for the purpose of paying health benefit claims for employees and their covered dependents, administrative expenses of the program, and premiums for stop-loss insurance coverage. The School District accounts for the premiums paid as expenditures in the general or applicable fund.

**Green Local School District**  
**Summit County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2013*

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**NOTE 11 – OTHER EMPLOYEE BENEFITS**

***Compensated Absences***

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

Employees earn vacation at rates specified by Union Contractual Agreement based on credit service. Administrative and 260 day employees are entitled to vacation ranging from 10 to 25 days.

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

**NOTE 12 – PENSION PLANS**

***A. School Employees Retirement System***

Plan Description - The School District contributes to the School Employees Retirement System of Ohio ("SERS"), a cost-sharing multiple-employer 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](http://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 2013, 13.05 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 member and employer contributions. The School District's required contributions for pension obligations and death benefits to SERS for the fiscal years ended June 30, 2013, 2012 and 2011 were \$777,961, \$761,413 and \$796,568, respectively; 48 percent has been contributed for fiscal year 2013 and 100 percent for the fiscal years 2012 and 2011.



**Green Local School District**  
**Summit County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2013*

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***B. State Teachers Retirement System***

Plan Description - The School District participates in the State Teachers Retirement System of Ohio (“STRS Ohio”), a cost-sharing, multiple-employer public employee retirement plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a 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](http://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 2013, 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 required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2013, 2012 and 2011 were \$2,159,704, \$2,044,985 and \$2,119,683, respectively; 81 percent has been contributed for fiscal year 2013 and 100 percent for the fiscal years 2012 and 2011. Contributions to the DC and Combined Plans for fiscal year 2013 were \$102,325 made by the School District and \$73,089 made by the plan members.

**Green Local School District**  
**Summit County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2013*

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**NOTE 13 – POSTEMPLOYMENT BENEFITS**

***A. School Employees Retirement System***

Plan Description – The School District participates in two cost-sharing, multiple employer defined benefit OPEB plans administered by the School Employees Retirement System for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, 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 2013 was \$104.90 for most participants, but could be as high as \$335.70 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](http://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 fiscal year 2013, .16 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 provide 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 2013, the actuarially determined amount was \$20,525.

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 the fiscal years ended June 30, 2013, 2012, and 2011 were \$86,725, \$111,051, and \$96,452, respectively; 48 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2010. The liability for the unpaid contribution has been recorded within the respective funds.

The Retirement Board, acting with advice of the actuary, allocates a portion of the current employer contribution to the Medicare B Fund. For fiscal year 2013, the actuarially required allocation was 0.74 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2013, 2012, and 2011 were \$41,121, \$44,965, and \$51,261, respectively; 48 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011.

**Green Local School District**  
**Summit County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2013*

***B. 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](http://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 2013, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The School District's contributions for health care for the fiscal years ended June 30, 2013, 2012, and 2011 were \$166,131, \$157,307, and \$163,053, respectively; 81 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011.

**NOTE 14- LONG TERM OBLIGATIONS**

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

	Outstanding 6/30/2012	Additions	Reductions	Outstanding 6/30/2013	Amounts Due in One Year
Long Term Obligations:					
General Obligation Bonds					
2009 Bond Refunding					
2.0% - 5.0% - 6/09 - 12/19	\$ 10,940,000	\$ 0	\$ 1,225,000	\$ 9,715,000	\$ 1,260,000
Refunding Loss	(79,228)	0	(9,903)	(69,325)	0
Premium on Debt Issuance	272,230	0	34,029	238,201	0
Total General Obligation Bonds	11,133,002	0	1,249,126	9,883,876	1,260,000
Learning Center Obligation					
Learning Center - 2005					
2% to 5%, 6/05 - 12/32	8,034,672	0	748,111	7,286,561	284,577
Total Long Term Obligations	19,167,674	0	1,997,237	17,170,437	1,544,577
Unearned Revenue	13,070,323	0	393,256	12,677,067	408,738
Severance	171,409	0	171,409	0	0
Compensated Absences	1,589,949	234,202	118,327	1,705,824	131,528
Claim Settlement Payable	0	661,037	0	661,037	214,013
Capital Lease	0	594,887	0	594,887	111,603
Total Governmental Activities					
Long-Term Liabilities	<u>\$ 33,999,355</u>	<u>\$ 1,490,126</u>	<u>\$ 2,680,229</u>	<u>\$ 32,809,252</u>	<u>\$ 2,410,459</u>

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

**Green Local School District**  
**Summit County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2013*

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In 2009 the School District Board of Education offered STRS employee participation in an early retirement incentive program for those employees who were eligible to retire during the two year program. STRS employees who chose to accept retirement in accordance with STRS Ohio requirements received a retirement incentive payment of \$50,000. The retirement incentive payment was paid in three equal payments in consecutive years after retirement.

On September 20, 2004, the School District entered into a Cooperative Agreement for a Community Learning Center with the City of Green (City). The City has issued bonds in anticipation of the tax revenue to pay the construction costs of two facilities, approximately \$25,000,000 in fiscal year 2005. The School District is responsible for constructing, maintaining, and insuring the facilities. While the School District will hold legal title to the facilities, the City will have an undivided ownership interest during the term of the agreement, 28 years. The City will also retain the right to use the facilities, in accordance with procedures established by the City, during the agreement term of 28 years. The City is responsible for the first \$1,000,000 in annual debt service, and the School District agrees to pay the remaining annual debt service. The City of Green refinanced this debt in fiscal year 2013 which reduced the interest rate and the amount due by the School District by \$255,144. The School District's portion of the total debt is now \$9,039,254. Principal payments shown in the table above will not agree to the financial statements because of the reduction in principal due to this refinancing. The difference is immaterial and has been recorded in the current year.

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

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

On June 24, 2009, the School District issued \$13,365,000 in refunded general obligation bonds which mature in December 2019. The proceeds were used to refund \$13,375,000 of the School District's outstanding facilities improvement bonds.

These refunding bonds were issued with a premium of \$374,317 which is reported as an increase to bonds payable. The amounts are being amortized to interest expense over the life of the bonds using the straight-line method. The amortization recorded for June 30, 2013 was \$34,029. The issuance costs of \$255,380 have been reported as prepaid expenses and are being amortized to interest expense over the life of the loan. The amortization recorded for June 30, 2013 was \$23,216. The issuance resulted in a difference between the cash flows required to service the old debt and the cash flows required to service the new debt of \$108,937. The amount of defeased debt at June 30, 2013, is \$9,905,000.

As of June 30, 2013, the claims settlement payable was related to a court settlement agreement entered into by the School District in August 2013. The agreement will require payments made during fiscal year 2014, 2015 and 2016 in the amounts of \$214,013, \$220,283 and \$226,741 respectively. These will be made from the general fund.

**Green Local School District**  
**Summit County, Ohio**  
*Notes to the Basic Financial Statements*  
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Principal and interest requirements to retire the Learning Center Obligation and the general obligation bonds outstanding at June 30, 2013 are as follows:

Fiscal Year Ending June 30,	General Obligation Bonds		Learning Center Obligation		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2014	\$ 1,260,000	\$ 354,550	\$ 284,577	\$ 249,461	1,544,577	604,011
2015	1,290,000	319,450	291,082	241,618	1,581,082	561,068
2016	1,330,000	278,488	296,407	236,618	1,626,407	515,106
2017	1,375,000	232,813	303,613	227,762	1,678,613	460,575
2018	1,425,000	180,250	312,451	219,324	1,737,451	399,574
2019 - 2023	3,035,000	153,624	1,675,052	996,649	4,710,052	1,150,273
2024 - 2028	0	0	1,954,958	712,005	1,954,958	712,005
2029 - 2033	0	0	2,168,421	228,354	2,168,421	228,354
<b>Total</b>	<b>\$ 9,715,000</b>	<b>\$ 1,519,175</b>	<b>\$ 7,286,561</b>	<b>\$ 3,111,791</b>	<b>\$17,001,561</b>	<b>\$ 4,630,966</b>

**NOTE 15– NOTES PAYABLE**

On June 21, 2012, the School District issued \$4,000,000 in tax anticipation notes which mature in December 2014. The proceeds were used for operations.

	Outstanding 6/30/2012	Additions	Reductions	Outstanding 6/30/2013
Tax Anticipation Notes Series 2011 1% to 3%, 6/12 - 12/14	\$ 4,000,000	\$ 0	\$ 1,333,333	\$ 2,666,667

Fiscal Year Ending June 30,	Notes Payable		
	Principal	Interest	Total
2014	\$ 1,333,333	\$ 48,800	\$ 1,382,133
2015	1,333,334	16,267	1,349,601
<b>Total</b>	<b>\$ 2,666,667</b>	<b>\$ 65,067</b>	<b>\$ 2,731,734</b>

**Green Local School District**  
**Summit County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2013*

**NOTE 16 – CAPITAL LEASES**

Capital lease obligations relate to equipment which is leased under a long-term agreement. The lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standard No. 13 "Accounting for Leases". Capital lease payments in the governmental funds have been reclassified and are reflected as debt service in the basic financial statements for the general fund. 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, 2013.

Year	Amount
2014	\$ 130,639
2015	130,639
2016	130,639
2017	130,639
2018	130,639
Total Minimum Lease Payments	653,195
Less Amount Representing Interest	58,308
Present Value of Minimum Lease Payments	\$ 594,887

The assets being acquired have been capitalized in the governmental activities in the amount of \$594,887, which is the present value of the minimum lease payments at the inception of each lease.

**NOTE 17 – INTERFUND TRANSACTIONS**

**A. Interfund Balances**

At June 30, 2013, the School District had the following interfund balances:

	Interfund Receivable	Interfund Payable
General Fund	\$ 35,609	\$ 0
Nonmajor Governmental Funds	0	35,609
Total	\$ 35,609	\$ 35,609

The primary purpose of the interfund balances is to cover costs in specific funds where revenues were not received by June 30, 2013. The outstanding advances are expected to be repaid once the anticipated revenues are received.

**Green Local School District**  
**Summit County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2013*

***B. Interfund Transfers***

Fund	Transfer In	Transfer Out
General Fund	\$ 0	\$ 55,000
Nonmajor Governmental Funds	55,000	0
Total	\$ 55,000	\$ 55,000

The School District transferred \$55,000 from the general fund to the District Managed Student Activity fund to cover operations.

**NOTE 18– JOINTLY GOVERNED ORGANIZATIONS**

***A. Northeast Ohio Network (NEOnet)***

NEOnet is a jointly governed organization created as a regional council of governments made up of public districts and county boards of education from Summit, Medina and Portage Counties. The primary function of NEOnet is to provide data processing services to its member districts with the major emphasis being placed on accounting, inventory control and payroll services. Other areas of service provided by NEOnet include student scheduling, registration, grade reporting, and test scoring. Each member district pays an annual fee for the services provided by NEOnet. NEOnet is governed by a board of directors comprised of each Superintendent within the Organization. The Summit County Educational Service Center serves as the fiscal agent of the organization and receives funding from the State Department of Education.

Each district has one vote in all matters and each member district’s control over budgeting and financing of NEOnet is limited to its voting authority and any representation it may have on the board of directors.

The continued existence of NEOnet is not dependent on the School District’s continued participation and no equity interest exists. The School District made contributions in the amount of \$137,727 for fiscal year 2013.

***B. Interval Opportunity School***

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

**Green Local School District**  
**Summit County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2013*

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**NOTE 19– PUBLIC ENTITY RISK POOL**

***Stark County Schools Council of Governments***

In September 2010, the School District ceased being self-insured for health care and joined the Stark County Schools Council of Governments Health Benefits Program (“Council”), which is a shared risk pool. The Council is governed by an assembly which consists of one representative from each participant (usually the superintendent or designee). The assembly elects officers for two-year terms to serve as the Board of Directors. The assembly exercises control over the operation of the consortium. All consortium revenues are generated from charges for services received from the participating school districts, based on the established premiums for the insurance plans. Financial information can be obtained by writing to the Stark County Educational Service Center, 2100 38<sup>th</sup> Street NW, Canton, OH 44709.

**NOTE 20 – CONTINGENCIES AND SIGNIFICANT ENCUMBRANCES**

***A. 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 are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2013, if applicable, cannot be determined at this time.

***B. 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 21 – STATUTORY RESERVES**

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



**Green Local School District**  
**Summit County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2013*

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

	Capital Improvement Reserve
Set Aside Restricted Balance June 30, 2012	\$ 0
Current Year Set-Aside Requirement	696,403
Current Year Qualifying Expenditures	(740,240)
Total	\$ (43,837)
Balance Carried Forward to Fiscal Year 2014	\$ 0
Set Aside Balance June 30, 2013	\$ 0

Although the School District had current year expenditures during the fiscal year that reduced the set-aside amount to below zero, 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.

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**GREEN LOCAL SCHOOL DISTRICT  
SUMMIT COUNTY**

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE  
FOR THE YEAR ENDED JUNE 30, 2013**

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>						
<i>Passed Through the Ohio Department of Education:</i>						
Child Nutrition Cluster:						
National School Lunch Program	050013-3L60-2013	10.555	\$375,850	\$101,844	\$375,850	\$101,844
Total U.S. Department of Agriculture			375,850	101,844	375,850	101,844
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>						
<i>Passed Through the Ohio Department of Education:</i>						
Special Education Cluster:						
Special Education - Grants to States	050013-3M20-2012	84.027	78,457		70,263	
Special Education - Grants to States	050013-3M20-2013	84.027	759,482		736,374	
Special Education - Preschool Grants (IDEA Preschool)	050013-3C50-2012	84.173			344	
Special Education - Preschool Grants (IDEA Preschool)	050013-3C50-2013	84.173	11,029		11,029	
Total Special Education Cluster			848,968		818,010	
Title I Cluster:						
Title I Grants to Local Educational Agencies	050013-3M00-2012	84.010	53,025		44,277	
Title I Grants to Local Educational Agencies	050013-3M00-2013	84.010	384,955		367,172	
Total Title I Cluster			437,980		411,449	
ARRA-Ohio Resident Educator Program	050013-3FD0-2013	84.395A	1,050		1,050	
ARRA - Ohio Performance Assessment Pilot Project	050013-3FD0-2013	84.395A	780		2,989	
Total ARRA - Race to the Top Stimulus			1,830		4,039	
Education Technology State Grants	050013-3S20-2012	84.318	2,498		1,266	
Improving Teacher Quality State Grants	050013-3Y60-2012	84.367	16,239		5,078	
Improving Teacher Quality State Grants	050013-3Y60-2013	84.367	46,181		68,847	
			62,420		73,925	
Total U.S. Department of Education			1,353,696		1,308,689	
<b>Totals</b>			<b>\$1,729,546</b>	<b>\$101,844</b>	<b>\$1,684,539</b>	<b>\$101,844</b>

*The accompanying notes to this schedule are an integral part of this schedule.*

**GREEN LOCAL SCHOOL DISTRICT  
SUMMIT COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE  
FISCAL YEAR ENDED JUNE 30, 2013**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Federal Awards Receipts and Expenditures Schedule (the Schedule) reports the Green Local School District (the District's) federal award programs' receipts and disbursements. The Schedule has been prepared on the cash basis of accounting

**NOTE B - CHILD NUTRITION CLUSTER**

The District commingles cash receipts from the U.S. Department of Agriculture with similar State grants. When reporting expenditures on this Schedule, the District assumes it expends federal monies first.

**NOTE C - FOOD DONATION PROGRAM**

The District reports commodities consumed on the Schedule at the entitlement value. The District allocated donated food commodities to the respective program that benefitted from the use of those donated food commodities.



# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Green Local School District  
Summit County  
PO Box 218  
1755 Town Park Boulevard  
Green, Ohio 44232

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Green Local School District, Summit County, (the District) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 11, 2014.

### ***Internal Control Over Financial Reporting***

As part of our financial statement audit, we considered the District's internal control over financial reporting (internal control) to determine the audit procedures appropriate in the circumstances to the extent necessary to support our opinion on the financial statements, but not to the extent necessary to opine on the effectiveness of the District's internal control. Accordingly, we have not opined on it.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in a reasonable possibility that internal control will not prevent or detect and timely correct a material misstatement of the District's financial statements. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

***Compliance and Other Matters***

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

***Purpose of this Report***

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the District's internal control or on compliance. This report is an integral part of an audit performed under *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping "D" and "Y".

**Dave Yost**  
Auditor of State  
Columbus, Ohio

March 11, 2014



# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY OMB CIRCULAR A-133

Green Local School District  
Summit County  
PO Box 218  
1755 Town Park Boulevard  
Green, Ohio 44232

To the Board of Education:

### ***Report on Compliance for Each Major Federal Program***

We have audited the Green Local School District's, Summit County, Ohio (the District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the District's major federal programs for the year ended June 30, 2013. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the District's major federal programs.

### ***Management's Responsibility***

The District's Management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

### ***Auditor's Responsibility***

Our responsibility is to opine on the District's compliance for each of the District's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe our audit provides a reasonable basis for our compliance opinion on the District's major programs. However, our audit does not provide a legal determination of the District's compliance.

### ***Opinion on Each Major Federal Program***

In our opinion, the Green Local School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2013.

***Report on Internal Control Over Compliance***

The District's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the District's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on the major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the 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, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. *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 federal program compliance requirement will not be prevented, or timely detected and corrected. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

This report only describes the scope of our internal control compliance tests and the results of this testing based on OMB Circular A-133 requirements. Accordingly, this report is not suitable for any other purpose.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

March 11, 2014



**GREEN LOCAL SCHOOL DISTRICT  
SUMMIT COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 § .505  
JUNE 30, 2013**

**1. SUMMARY OF AUDITOR'S RESULTS**

<i>(d)(1)(i)</i>	<b>Type of Financial Statement Opinion</b>	Unmodified
<i>(d)(1)(ii)</i>	<b>Were there any material control weaknesses reported at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(ii)</i>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(iii)</i>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(iv)</i>	<b>Were there any material internal control weaknesses reported for major federal programs?</b>	No
<i>(d)(1)(iv)</i>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<i>(d)(1)(v)</i>	<b>Type of Major Programs' Compliance Opinion</b>	Unmodified
<i>(d)(1)(vi)</i>	<b>Are there any reportable findings under § .510(a)?</b>	No
<i>(d)(1)(vii)</i>	<b>Major Programs (list):</b>	Special Education Cluster CFDAs #84.027 and #84.173  Title 1 Grant to Local Educational Agencies CFDA #84.010
<i>(d)(1)(viii)</i>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	<b>Low Risk Auditee?</b>	No

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

None

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None

**GREEN LOCAL SCHOOL DISTRICT  
SUMMIT COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
OMB CIRCULAR A-133 § .315 (b)  
JUNE 30, 2013**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain</i></b>
2012-001	Federal grant activity was inaccurately reported on the District's Federal Awards Receipts and Expenditures Schedule which could have an adverse effect on future grant awards by the awarding agency or agencies.	Yes	



# Dave Yost • Auditor of State

## Independent Accountants' Report on Applying Agreed-Upon Procedure

Green Local School District  
Summit County  
PO Box 218  
1755 Town Park Boulevard  
Green, Ohio 44232

To the Board of Education:

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

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

1. We noted the Board amended its anti-harassment policy at its meeting on May 21, 2012 to include prohibiting harassment, intimidation, or bullying of any student "on a school bus" or by an "electronic act".

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

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

A handwritten signature in cursive script that reads "Dave Yost".

**Dave Yost**  
Auditor of State

March 11, 2014

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# Dave Yost • Auditor of State

**GREEN LOCAL SCHOOL DISTRICT**

**SUMMIT COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
APRIL 3, 2014**