



Dave Yost • Auditor of State



**GREEN LOCAL SCHOOL DISTRICT  
WAYNE COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Green Local School District  
Wayne County  
484 East Main Street  
PO Box 438  
Smithville, Ohio 44677

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, Wayne 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 the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for 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 cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Green Local School District, Wayne County, Ohio, as of June 30, 2013, and the respective changes in cash financial position and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting basis described in Note 2.

***Accounting Basis***

Ohio Administrative Code § 117-2-03 (B) requires the District to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America. We draw attention to Note 2 of the financial statements, which describes the basis applied to these statements, which is a basis other than generally accepted accounting principles. We did not modify our opinion regarding this matter.

***Other Matters***

*Supplemental and Other Information*

We audited to opine on the District's financial statements that collectively comprise its basic financial statements.

*Management's Discussion & Analysis* includes tables of net position, changes in net position, governmental activities and general obligation bonds outstanding. This information provides additional analysis and is not a required part of the basic financial statements.

The Federal Awards Receipts and Expenditures Schedule also 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.

These tables and the Schedule are management's responsibility, and derive from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected these tables and the Schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling these tables and the Schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and in accordance with auditing standards generally accepted in the United States of America. In our opinion, these tables and the Schedule are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other than the aforementioned procedures applied to the tables, we applied no procedures to any other information in Management's Discussion & Analysis, and we express no opinion or any other assurance on it.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 16, 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

January 16, 2014

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

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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 to enhance their understanding of the School District's financial performance.

***Financial Highlights***

Key financial highlights for fiscal year 2013 are as follows:

- In total, net position decreased \$3,503,264, mostly due to the increase in capital outlay disbursements associated with the Ohio School Facilities Commission ("OSFC") project that began in fiscal year 2012.
- Outstanding debt decreased from \$12,964,336 to \$12,737,462 through principal payments made during the current year.

***Using this Annual Report***

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

The *Statement of Net Position* and *Statement of Activities* provide information about the activities of the whole School District. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other non-major funds presented in total in one column. For fiscal year 2013, the General fund, and the Classroom Facilities fund are the School District's most significant funds.

***Basis of Accounting***

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

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

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

*Statement of Net Position and the Statement of Activities*

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2013?" The statement of net position and the statement of activities answer this question.

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 food service operations.

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

*Fund Financial Statements*

The analysis of the School District's major funds begins on page 10. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds include the General fund and the Classroom Facilities fund.

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

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

**Fiduciary funds** - Fiduciary funds are used to account for resources held for the benefit of parties outside the School District. These funds are not reflected in the government-wide financial statements because the resources are not available to support the School District's own programs.

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

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**The School District as a Whole**

Table 1 provides a summary of the School District's net position for fiscal year 2013 compared to 2012.

**(Table 1)**  
**Net Position – Cash Basis**

|   | Governmental Activities |                      |
|---|-------------------------|----------------------|
|   | 2013                    | 2012                 |
| <b>Assets</b>                           |                         |                      |
| Equity in Pooled Cash and Investments   | \$ 20,228,899           | \$ 23,782,418        |
| Cash and Investments with Fiscal Agents | 60,255                  | 10,000               |
| <i>Total Assets</i>                     | <b>\$ 20,289,154</b>    | <b>\$ 23,792,418</b> |
| <b>Net Position</b>                     |                         |                      |
| Restricted for:                         |                         |                      |
| Capital Outlay                          | 17,466,369              | 20,883,614           |
| Debt Service                            | 278,572                 | 260,161              |
| Other Purposes                          | 439,414                 | 357,359              |
| Unrestricted                            | 2,104,799               | 2,291,284            |
| <i>Total Net Position</i>               | <b>\$ 20,289,154</b>    | <b>\$ 23,792,418</b> |

Net position of the governmental activities decreased \$3,503,264, which represents a 14.72 percent decrease from fiscal year 2012. The decrease is primarily due to the increase of capital outlay disbursements made during fiscal year 2013 associated with the Ohio School Facilities Commission (“OSFC”) project that began in fiscal year 2012.

A portion of the School District's net position, \$18,184,355 or 89.63 percent, represents resources subject to external restrictions on how they may be used. The remaining balance of the government-wide unrestricted net position of \$2,104,799 may be used to meet the School District's ongoing obligations.

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Table 2 shows the changes in net position for fiscal year 2013 as compared to fiscal year 2012.

**(Table 2)**  
**Changes in Net Position – Cash Basis**

|  | Governmental Activities |                      |
|--|-------------------------|----------------------|
|  | 2013                    | 2012                 |
| <b>Receipts</b>  |                         |                      |
| <b>Program Receipts</b>  |                         |                      |
| Charges for Services and Sales                                 | \$ 1,176,749            | \$ 1,095,570         |
| Operating Grants, Contributions and Interest                   | 1,190,945               | 1,423,241            |
| Capital Grants, Contributions and Interest                     | 10,865,835              | 9,227,623            |
| <i>Total Program Receipts</i>                                  | <u>13,233,529</u>       | <u>11,746,434</u>    |
| <b>General Receipts</b>  |                         |                      |
| Property Taxes   | 4,196,902               | 4,759,279            |
| Grants and Entitlements not Restricted to<br>Specific Programs | 5,798,028               | 5,783,943            |
| Proceeds from Sale of Capital Assets                           | 230                     | 1,970                |
| Interest Earnings  | 3,891                   | 3,233                |
| Miscellaneous  | 35,546                  | 26,026               |
| <i>Total General Receipts</i>                                  | <u>10,034,597</u>       | <u>10,574,451</u>    |
| <i>Total Receipts</i>  | 23,268,126              | 22,320,885           |
| <b>Program Disbursements</b>                                   |                         |                      |
| Instruction:   |                         |                      |
| Regular  | 5,671,720               | 5,665,137            |
| Special  | 1,006,494               | 1,083,348            |
| Vocational   | 143,370                 | 209,559              |
| Other  | 73,302                  | 6,335                |
| Support Services:  |                         |                      |
| Pupils   | 444,801                 | 554,499              |
| Instructional Staff  | 361,330                 | 300,316              |
| Board of Education   | 79,444                  | 55,994               |
| Administration   | 1,034,905               | 983,906              |
| Fiscal   | 294,704                 | 301,044              |
| Operation and Maintenance of Plant                             | 737,404                 | 821,272              |
| Pupil Transportation   | 683,363                 | 619,721              |
| Central  | 29,714                  | 89,774               |
| Operation of Non-Instructional Services:                       |                         |                      |
| Food Service Operations  | 320,402                 | 341,310              |
| Extracurricular Activities                                     | 461,744                 | 501,259              |
| Capital Outlay   | 14,333,164              | 2,000,415            |
| Debt Service:  |                         |                      |
| Principal Retirement   | 226,874                 | 275,035              |
| Interest and Fiscal Charges                                    | 868,655                 | 801,003              |
| <i>Total Program Disbursements</i>                             | <u>26,771,390</u>       | <u>14,609,927</u>    |
| <i>Change in Net Position</i>                                  | (3,503,264)             | 7,710,958            |
| <i>Net Position Beginning of Year</i>                          | <u>23,792,418</u>       | <u>16,081,460</u>    |
| <i>Net Position End of Year</i>                                | <u>\$ 20,289,154</u>    | <u>\$ 23,792,418</u> |

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*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2013*

Program receipts increased \$1,487,095 from fiscal year 2012 to fiscal year 2013. The increase was due to capital grant receipts for the OSFC project. Program disbursements increased \$12,161,463 mostly due to increased disbursements for the OSFC project.

**Governmental Activities**

The statement of activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

**(Table 3)**  
**Governmental Activities – Cash Basis**

|  | Total Costs of Services |                      | Net Costs of Services |                     |
|--|-------------------------|----------------------|-----------------------|---------------------|
|  | 2013                    | 2012                 | 2013                  | 2012                |
| <b><i>Program Disbursements</i></b>      |                         |                      |                       |                     |
| Instruction:                             |                         |                      |                       |                     |
| Regular                                  | \$ 5,671,720            | \$ 5,665,137         | \$ 4,737,181          | \$ 4,594,569        |
| Special                                  | 1,006,494               | 1,083,348            | 622,886               | 751,906             |
| Vocational                               | 143,370                 | 209,559              | 108,319               | 171,322             |
| Other                                    | 73,302                  | 6,335                | 73,302                | 6,335               |
| Support Services:                        |                         |                      |                       |                     |
| Pupils                                   | 444,801                 | 554,499              | 444,801               | 554,499             |
| Instructional Staff                      | 361,330                 | 300,316              | 319,994               | 300,316             |
| Board of Education                       | 79,444                  | 55,994               | 79,444                | 55,994              |
| Administration                           | 1,034,905               | 983,906              | 1,034,905             | 887,553             |
| Fiscal                                   | 294,704                 | 301,044              | 294,704               | 301,044             |
| Operation and Maintenance of Plant       | 737,404                 | 821,272              | 712,844               | 796,425             |
| Pupil Transportation                     | 683,363                 | 619,721              | 673,169               | 619,721             |
| Central                                  | 29,714                  | 89,774               | 28,580                | 82,574              |
| Operation of Non-Instructional Services: |                         |                      |                       |                     |
| Food Service Operations                  | 320,402                 | 341,310              | 3,637                 | (19,024)            |
| Extracurricular Activities               | 461,744                 | 501,259              | 254,669               | 335,055             |
| Capital Outlay                           | 14,333,164              | 2,000,415            | 3,477,523             | (7,227,208)         |
| Debt Service:                            |                         |                      |                       |                     |
| Principal Retirement                     | 226,874                 | 275,035              | 226,874               | 275,035             |
| Interest and Fiscal Charges              | 868,655                 | 801,003              | 445,029               | 377,377             |
| <b>Total</b>                             | <b>\$ 26,771,390</b>    | <b>\$ 14,609,927</b> | <b>\$ 13,537,861</b>  | <b>\$ 2,863,493</b> |

Capital outlay disbursements increased \$12,332,749 mostly due to increased disbursements for the OFSC project. Net costs of this service were impacted by the timing of grant resources received as compared to the expenses paid on construction.

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**Wayne County, Ohio**  
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*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2013*

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The dependence upon tax revenues and general revenue entitlements from the state for governmental activities is apparent. Program revenues only account for 49.43 percent of all governmental expenses. The community is the largest area of support for the School District students.

***The School District's Funds***

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

The School District's governmental funds reported a combined fund balance of \$20,289,154, which is lower than the prior year balance of \$23,792,418.

The general fund had total cash receipts, including other financing sources, of \$10,165,258. The cash disbursements of the general fund totaled \$10,328,775. The general fund's fund balance decreased \$163,517 in 2013. The decrease in fund balance can be attributed to a decrease in property tax receipts.

The classroom facilities fund had total cash receipts of \$10,855,790 and total cash disbursements of \$14,262,235, for a decrease in fund balance of \$3,406,445 in 2013. The decrease in fund balance is primarily due to increased capital outlay disbursements for the OSFC project.

***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 amended its general fund budget several times. For the general fund, final budget basis receipts were \$10,329,068 (including other financing sources), representing a decrease of \$107,448 from the original estimate of \$10,436,516. Actual receipts (including other financing sources) of \$10,071,710 were \$257,358 lower than the final budget. Of this decrease, most was attributable to a decrease in intergovernmental and property and other local taxes receipts.

For fiscal year 2013, the general fund final budget basis disbursements were \$11,300,461 which is over the original budgeted disbursements of \$11,163,461. Actual disbursements of \$10,310,773 were \$989,688 lower than the final budget. Actual instruction, operation and maintenance of plant, pupil transportation and administration disbursements were significantly under budgeted expectations.

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**Wayne County, Ohio**  
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*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2013*

***Debt Administration***

The School District had the following long-term obligations outstanding at June 30, 2013 and 2012.

**(Table 4)**  
**Outstanding Debt, at June 30**

|  | Governmental Activities     |                             |
|--|-----------------------------|-----------------------------|
|  | 2013                        | 2012                        |
| OSFC School Improvement Bonds, Series 2010 issue |                             |                             |
| Build America Bonds - 5.60 - 6.36%               | \$ 7,070,000                | \$ 7,070,000                |
| Qualified School Construction Bonds - 5.11%      | 5,560,000                   | 5,570,000                   |
| Tax-Exempt Bonds - 1.25 - 1.5%                   | 0                           | 131,572                     |
| Capital Leases                                   | 107,462                     | 192,764                     |
| <b><i>Total</i></b>                              | <b><u>\$ 12,737,462</u></b> | <b><u>\$ 12,964,336</u></b> |

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

***Current Issues***

Through the implementation of a strategic planning initiative, Green Local Schools' administration, teaching and non-teaching staff, parents, students and community partners have established a mission statement and goals. The School District's mission reflects the partnership with families and community to prepare students for lifelong personal development.

The following goals will drive the decision making process in the School District:

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

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*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2013*

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The School District is utilizing the above goals and related action plan steps to continue the process of being at the forefront of education in Wayne County. The School District initiated a "content management" website which allows for better continuity of each building's presence on the web, posting of information for the community and gaining stakeholder feedback. The School District is at the forefront of using "Scodle", a web link for teachers to post files, messages, homework assignments, blogs, quizzes, and more, for student access on the web. Parents are encouraged to view their students' progress and grades through online access of ProgressBook. Workbook fees can now be paid by parents over the Internet using EZpay. Central office records are being stored electronically through the use of scanners and records imaging software. The Treasurer has established a Finance Team made up of community members. This team acts in an advisory capacity to the Board and administrators and meets monthly during the school year.

The 2012-2013 School District report card, as reported by the Ohio Department of Education, has changed from previous years. The report now provides letter grades. The District received a B in Achievement, a C in Gap Closing, an A in Value Added and an A in 4 Year Graduation.

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

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

On May 4, 2010, the voters of the Green Local School District passed a 4.75 mill bond issue by a margin of 54%. This enables the School District to go forth with the Ohio Schools Facilities Project which will provide a new K – 12 school building for the School District. The state's share, 65%, represents \$21,400,073 while the School District's share will be \$11,523,117 excluding local initiatives. Contract for the construction have been awarded in May 2012 and construction is under way. It is anticipated that the building will be completed in the fall of 2014.

***Contacting the School District's Financial Management***

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

**Green Local School District**  
**Wayne County, Ohio**  
*Statement of Net Position - Cash Basis*  
*June 30, 2013*

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|   | <u>Governmental<br/>Activities</u> |
|---|------------------------------------|
| <b>Assets</b>                           |                                    |
| Equity in Pooled Cash and Investments   | \$ 20,228,899                      |
| Cash and Investments with Fiscal Agents | <u>60,255</u>                      |
| <i>Total Assets</i>                     | <u><u>\$ 20,289,154</u></u>        |
| <b>Net Position</b>                     |                                    |
| Restricted for:                         |                                    |
| Capital Outlay                          | \$ 17,466,369                      |
| Debt Service                            | 278,572                            |
| Other Purposes                          | 439,414                            |
| Unrestricted                            | <u>2,104,799</u>                   |
| <i>Total Net Position</i>               | <u><u>\$ 20,289,154</u></u>        |

See accompanying notes to the basic financial statements.

**Green Local School District**  
**Wayne County, Ohio**  
*Statement of Activities - Cash Basis*  
*For the Fiscal Year Ended June 30, 2013*

|   | Program Cash Receipts |                                      |   |  | Net (Disbursements)<br>Receipts and Changes<br>in Net Position |
|---|-----------------------|--------------------------------------|---|--|--|
|   | Cash<br>Disbursements | Charges for<br>Services<br>and Sales | Operating<br>Grants,<br>Contributions<br>and Interest | Capital Grants,<br>Contributions<br>and Interest |  |
| <b>Governmental Activities</b>                              |                       |                                      |   |  |  |
| Instruction:  |                       |                                      |   |  |  |
| Regular   | \$ 5,671,720          | \$ 815,958                           | \$ 118,581  | \$ 0   | \$ (4,737,181)   |
| Special   | 1,006,494             | 37,421                               | 346,187   | 0  | (622,886)  |
| Vocational  | 143,370               | 0                                    | 35,051  | 0  | (108,319)  |
| Other   | 73,302                | 0                                    | 0   | 0  | (73,302)   |
| Support Services:   |                       |                                      |   |  |  |
| Pupils  | 444,801               | 0                                    | 0   | 0  | (444,801)  |
| Instructional Staff   | 361,330               | 0                                    | 41,336  | 0  | (319,994)  |
| Board of Education  | 79,444                | 0                                    | 0   | 0  | (79,444)   |
| Administration  | 1,034,905             | 0                                    | 0   | 0  | (1,034,905)  |
| Fiscal  | 294,704               | 0                                    | 0   | 0  | (294,704)  |
| Operation and Maintenance of Plant                          | 737,404               | 10,598                               | 13,962  | 0  | (712,844)  |
| Pupil Transportation  | 683,363               | 0                                    | 0   | 10,194   | (673,169)  |
| Central   | 29,714                | 0                                    | 1,134   | 0  | (28,580)   |
| Operation of Non-Instructional Services:                    |                       |                                      |   |  |  |
| Food Service Operations                                     | 320,402               | 149,923                              | 166,842   | 0  | (3,637)  |
| Extracurricular Activities                                  | 461,744               | 162,849                              | 44,226  | 0  | (254,669)  |
| Capital Outlay  | 14,333,164            | 0                                    | 0   | 10,855,641                                       | (3,477,523)  |
| Debt Service:   |                       |                                      |   |  |  |
| Principal Retirement  | 226,874               | 0                                    | 0   | 0  | (226,874)  |
| Interest and Fiscal Charges                                 | 868,655               | 0                                    | 423,626   | 0  | (445,029)  |
| <i>Totals</i>   | <u>\$ 26,771,390</u>  | <u>\$ 1,176,749</u>                  | <u>\$ 1,190,945</u>                                   | <u>\$ 10,865,835</u>                             | <u>(13,537,861)</u>  |
| <br><b>General Receipts</b>                                 |                       |                                      |   |  |  |
| Property Taxes Levied for:                                  |                       |                                      |   |  |  |
| General Purposes  |                       |                                      |   |  | 3,496,674  |
| Debt Service  |                       |                                      |   |  | 518,716  |
| Capital Outlay  |                       |                                      |   |  | 181,512  |
| Grants and Entitlements not Restricted to Specific Programs |                       |                                      |   |  | 5,798,028  |
| Proceeds from Sale of Capital Assets                        |                       |                                      |   |  | 230  |
| Interest Earnings   |                       |                                      |   |  | 3,891  |
| Miscellaneous   |                       |                                      |   |  | 35,546   |
| <i>Total General Receipts</i>                               |                       |                                      |   |  | <u>10,034,597</u>  |
| <i>Change in Net Position</i>                               |                       |                                      |   |  | (3,503,264)  |
| <i>Net Position Beginning of Year</i>                       |                       |                                      |   |  | <u>23,792,418</u>  |
| <i>Net Position End of Year</i>                             |                       |                                      |   |  | <u>\$ 20,289,154</u>   |

See accompanying notes to the basic financial statements.

**Green Local School District**  
**Wayne County, Ohio**  
*Statement of Assets and Fund Balances - Cash Basis*  
*Governmental Funds*  
*June 30, 2013*

|   | General<br>Fund     | Classroom<br>Facilities<br>Fund | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|---|---------------------|---------------------------------|--------------------------------|--------------------------------|
| <b>Assets</b>                           |                     |                                 |                                |                                |
| Equity in Pooled Cash and Investments   | \$ 2,189,048        | \$ 16,257,234                   | \$ 1,782,617                   | \$ 20,228,899                  |
| Cash and Investments with Fiscal Agents | 0                   | 0                               | 60,255                         | 60,255                         |
| <i>Total Assets</i>                     | <u>\$ 2,189,048</u> | <u>\$ 16,257,234</u>            | <u>\$ 1,842,872</u>            | <u>\$ 20,289,154</u>           |
| <b>Fund Balances</b>                    |                     |                                 |                                |                                |
| Nonspendable                            | \$ 475              | \$ 0                            | \$ 0                           | \$ 475                         |
| Restricted                              | 0                   | 16,257,234                      | 1,880,850                      | 18,138,084                     |
| Committed                               | 45,796              | 0                               | 0                              | 45,796                         |
| Assigned                                | 487,802             | 0                               | 0                              | 487,802                        |
| Unassigned                              | 1,654,975           | 0                               | (37,978)                       | 1,616,997                      |
| <i>Total Fund Balances</i>              | <u>\$ 2,189,048</u> | <u>\$ 16,257,234</u>            | <u>\$ 1,842,872</u>            | <u>\$ 20,289,154</u>           |

See accompanying notes to the basic financial statements.

**Green Local School District**  
**Wayne County, Ohio**  
*Statement of Receipts, Disbursements and Changes*  
*in Fund Balances - Cash Basis - Governmental Funds*  
*For the Fiscal Year Ended June 30, 2013*

|  | General<br>Fund     | Classroom<br>Facilities<br>Fund | Other<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|--|---------------------|---------------------------------|--------------------------------|--------------------------------|
| <b>Receipts</b>                                      |                     |                                 |                                |                                |
| Property and Other Local Taxes                       | \$ 3,496,674        | \$ 0                            | \$ 700,228                     | \$ 4,196,902                   |
| Intergovernmental                                    | 5,730,365           | 10,773,422                      | 1,210,966                      | 17,714,753                     |
| Interest Income                                      | 3,636               | 82,218                          | 792                            | 86,646                         |
| Tuition and Fees                                     | 789,142             | 0                               | 0                              | 789,142                        |
| Extracurricular Activities                           | 54,611              | 0                               | 147,953                        | 202,564                        |
| Gifts and Donations                                  | 13,072              | 0                               | 44,227                         | 57,299                         |
| Charges for Services                                 | 24,524              | 0                               | 149,924                        | 174,448                        |
| Rental   | 10,598              | 0                               | 0                              | 10,598                         |
| Miscellaneous  | 28,104              | 150                             | 7,289                          | 35,543                         |
| <i>Total Receipts</i>                                | <u>10,150,726</u>   | <u>10,855,790</u>               | <u>2,261,379</u>               | <u>23,267,895</u>              |
| <b>Disbursements</b>                                 |                     |                                 |                                |                                |
| Current:   |                     |                                 |                                |                                |
| Instruction:   |                     |                                 |                                |                                |
| Regular  | 5,589,179           | 0                               | 82,541                         | 5,671,720                      |
| Special  | 675,341             | 0                               | 331,153                        | 1,006,494                      |
| Vocational   | 143,370             | 0                               | 0                              | 143,370                        |
| Other  | 73,302              | 0                               | 0                              | 73,302                         |
| Support Services:                                    |                     |                                 |                                |                                |
| Pupils   | 444,801             | 0                               | 0                              | 444,801                        |
| Instructional Staff                                  | 275,915             | 0                               | 85,415                         | 361,330                        |
| Board of Education                                   | 79,444              | 0                               | 0                              | 79,444                         |
| Administration                                       | 1,022,208           | 0                               | 12,697                         | 1,034,905                      |
| Fiscal   | 280,009             | 0                               | 14,695                         | 294,704                        |
| Operation and Maintenance of Plant                   | 727,632             | 0                               | 9,772                          | 737,404                        |
| Pupil Transportation                                 | 606,359             | 0                               | 77,004                         | 683,363                        |
| Central  | 28,580              | 0                               | 1,134                          | 29,714                         |
| Extracurricular Activities                           | 285,120             | 0                               | 176,624                        | 461,744                        |
| Operation of Non-Instructional Services:             |                     |                                 |                                |                                |
| Food Service Operations                              | 0                   | 0                               | 320,402                        | 320,402                        |
| Capital Outlay                                       | 1,682               | 14,262,235                      | 69,247                         | 14,333,164                     |
| Debt Service:  |                     |                                 |                                |                                |
| Principal Retirement                                 | 85,302              | 0                               | 141,572                        | 226,874                        |
| Interest and Fiscal Charges                          | 10,531              | 0                               | 858,124                        | 868,655                        |
| <i>Total Disbursements</i>                           | <u>10,328,775</u>   | <u>14,262,235</u>               | <u>2,180,380</u>               | <u>26,771,390</u>              |
| <i>Excess of Receipts Over (Under) Disbursements</i> | <u>(178,049)</u>    | <u>(3,406,445)</u>              | <u>80,999</u>                  | <u>(3,503,495)</u>             |
| <b>Other Financing Sources (Uses)</b>                |                     |                                 |                                |                                |
| Proceeds from Sale of Capital Assets                 | 0                   | 0                               | 231                            | 231                            |
| Advances In  | 14,532              | 0                               | 0                              | 14,532                         |
| Advances Out   | 0                   | 0                               | (14,532)                       | (14,532)                       |
| <i>Total Other Financing Sources (Uses)</i>          | <u>14,532</u>       | <u>0</u>                        | <u>(14,301)</u>                | <u>231</u>                     |
| <i>Net Change in Fund Balances</i>                   | (163,517)           | (3,406,445)                     | 66,698                         | (3,503,264)                    |
| <i>Fund Balances Beginning of Year</i>               | <u>2,352,565</u>    | <u>19,663,679</u>               | <u>1,776,174</u>               | <u>23,792,418</u>              |
| <i>Fund Balances End of Year</i>                     | <u>\$ 2,189,048</u> | <u>\$ 16,257,234</u>            | <u>\$ 1,842,872</u>            | <u>\$ 20,289,154</u>           |

See accompanying notes to the basic financial statements.

**Green Local School District**  
**Wayne County, Ohio**  
*Statement of Receipts, Disbursements and Changes*  
*In Cash Basis Fund Balance - Budget and Actual (Budget Basis)*  
*General Fund*  
*For the Fiscal Year Ended June 30, 2013*

|  | Budgeted Amounts    |                     | Actual              | Variance with<br>Final Budget |
|--|---------------------|---------------------|---------------------|-------------------------------|
|  | Original            | Final               |                     |                               |
| <b>Receipts</b>                                      |                     |                     |                     |                               |
| Property and Other Local Taxes                       | \$ 3,797,329        | \$ 3,586,023        | \$ 3,496,674        | \$ (89,349)                   |
| Intergovernmental                                    | 5,776,161           | 5,866,519           | 5,720,348           | (146,171)                     |
| Interest Income                                      | 3,671               | 3,729               | 3,636               | (93)                          |
| Tuition and Fees                                     | 785,202             | 797,485             | 777,615             | (19,870)                      |
| Rent   | 24,763              | 10,869              | 10,598              | (271)                         |
| Charges for Services                                 | 10,701              | 25,151              | 24,524              | (627)                         |
| Miscellaneous  | 15,530              | 15,773              | 15,380              | (393)                         |
| <i>Total Receipts</i>                                | <u>10,413,357</u>   | <u>10,305,549</u>   | <u>10,048,775</u>   | <u>(256,774)</u>              |
| <b>Disbursements</b>                                 |                     |                     |                     |                               |
| Current:   |                     |                     |                     |                               |
| Instruction:   |                     |                     |                     |                               |
| Regular  | 6,020,363           | 6,094,246           | 5,560,515           | 533,731                       |
| Special  | 732,837             | 741,830             | 676,861             | 64,969                        |
| Vocational   | 159,936             | 161,899             | 147,720             | 14,179                        |
| Other  | 87,484              | 88,558              | 80,802              | 7,756                         |
| Support Services:                                    |                     |                     |                     |                               |
| Pupils   | 481,845             | 487,759             | 445,041             | 42,718                        |
| Instructional Staff                                  | 310,926             | 314,742             | 287,177             | 27,565                        |
| Board of Education                                   | 89,408              | 90,505              | 82,579              | 7,926                         |
| Administration                                       | 1,116,104           | 1,129,801           | 1,030,854           | 98,947                        |
| Fiscal   | 308,004             | 311,784             | 284,478             | 27,306                        |
| Operation and Maintenance of Plant                   | 854,619             | 865,107             | 789,341             | 75,766                        |
| Pupil Transportation                                 | 660,471             | 668,577             | 610,023             | 58,554                        |
| Central  | 30,944              | 31,323              | 28,580              | 2,743                         |
| Extracurricular Activities                           | 308,699             | 312,487             | 285,120             | 27,367                        |
| Capital Outlay                                       | 1,821               | 1,843               | 1,682               | 161                           |
| <i>Total Disbursements</i>                           | <u>11,163,461</u>   | <u>11,300,461</u>   | <u>10,310,773</u>   | <u>989,688</u>                |
| <i>Excess of Receipts Over (Under) Disbursements</i> | <u>(750,104)</u>    | <u>(994,912)</u>    | <u>(261,998)</u>    | <u>732,914</u>                |
| <b>Other Financing Sources (Uses)</b>                |                     |                     |                     |                               |
| Refund of Prior Year Expenditures                    | 8,485               | 8,616               | 8,403               | (213)                         |
| Advances In  | 14,674              | 14,903              | 14,532              | (371)                         |
| <i>Total Other Financing Sources (Uses)</i>          | <u>23,159</u>       | <u>23,519</u>       | <u>22,935</u>       | <u>(584)</u>                  |
| <i>Net Change in Fund Balance</i>                    | (726,945)           | (971,393)           | (239,063)           | 732,330                       |
| <i>Fund Balance Beginning of Year</i>                | 2,312,102           | 2,312,102           | 2,312,102           | 0                             |
| Prior Year Encumbrances Appropriated                 | 13,034              | 13,034              | 13,034              | 0                             |
| <i>Fund Balance End of Year</i>                      | <u>\$ 1,598,191</u> | <u>\$ 1,353,743</u> | <u>\$ 2,086,073</u> | <u>\$ 732,330</u>             |

See accompanying notes to the basic financial statements.

**Green Local School District**  
**Wayne County, Ohio**  
*Statement of Fiduciary Net Position - Cash Basis*  
*Fiduciary Funds*  
*June 30, 2013*

|                                       | Private Purpose<br>Trust |                   |
|---------------------------------------|--------------------------|-------------------|
|                                       | Scholarship              | Agency            |
| <b>Assets</b>                         |                          |                   |
| Equity in Pooled Cash and Investments | \$ 40,323                | \$ 707,020        |
| <i>Total Assets</i>                   | <i>\$ 40,323</i>         | <i>\$ 707,020</i> |
| <br><b>Net Position</b>               |                          |                   |
| Held in Trust for Scholarships        | \$ 40,323                | \$ 0              |
| Held for Student Activities           | 0                        | 70,702            |
| <i>Total Net Position</i>             | <i>\$ 40,323</i>         | <i>\$ 70,702</i>  |

See accompanying notes to the basic financial statements.

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

|  | Scholarship      |
|--|------------------|
| <b>Additions</b>                             |                  |
| Gifts and Contributions                      | \$ 1,950         |
| Interest                                     | 420              |
|  | 2,370            |
| <i>Total Additions</i>                       | <i>2,370</i>     |
| <br><b>Deductions</b>                        |                  |
| Payments in Accordance with Trust Agreements | 3,100            |
|  | 3,100            |
| <i>Total Deductions</i>                      | <i>3,100</i>     |
| <i>Change in Net Position</i>                | <i>(730)</i>     |
| <i>Net Position Beginning of Year</i>        | <i>41,053</i>    |
| <i>Net Position End of Year</i>              | <i>\$ 40,323</i> |

See accompanying notes to the basic financial statements.

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**Green Local School District**  
**Wayne 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 is a local district as defined by Section 3311.03 of the Ohio Revised Code. The School District operates under a locally-elected five member board form of government and provides educational services as authorized and mandated by state and federal agencies.

***Reporting Entity***

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

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

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

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

**Note 2 – Summary of Significant Accounting Policies**

***A. Basis of Presentation***

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

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

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

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

***Government-wide Financial Statements*** The statement of net 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 effect of interfund activity within governmental types activities columns have been removed from this statement.

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

Equity is classified as net position and displayed in separate components:

1. Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or (2) law through constitutional provisions or enabling legislation. Net position restricted for other purposes include resources restricted for capital improvements, Federal and State grants restricted to disbursements for specific purposes and food services. As of June 30, 2013, the School District did not have any net position restricted by enabling legislation.
2. Unrestricted net position – All other net position that does not meet the definition of “restricted”.

The School District's policy is to first apply restricted resources when cash disbursement is incurred for purposes for which both restricted and unrestricted net position is available.

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

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

- a. Non-spendable - The non-spendable classification includes amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact. The “not in spendable form” includes items that are not expected to be converted to cash.

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

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- b. Restricted - Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or is imposed by law through constitutional provisions.
- c. Committed - The committed classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the Board of Education. The committed amounts cannot be used for any other purpose unless the Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.
- d. Assigned - Amounts in the assigned classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds, other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the Board of Education. The Board of Education has by resolution authorized the Treasurer to assign fund balance. The Board of Education may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget.
- e. Unassigned - Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

The School District first applies restricted resources when, an expenditure is incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balances, 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 can be used.

***B. Fund Accounting***

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

***Governmental Funds*** Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. The following are the School District's major governmental funds:

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

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

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

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

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

***C. Cash and Investments***

To improve cash management, cash received by the School District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through School District records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Investments" on the financial statements. During fiscal year 2013, the School District's investments included nonnegotiable certificates of deposit, US Treasury/Agency bonds, money market accounts and State Treasury Asset Reserve of Ohio (STAROhio).

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

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are presented on the financial statements as "equity in pooled cash and investments". Investments with an original maturity of more than three months that are not made from the pool are reported as "investments".

Following Ohio statutes, the Board of Education has, by resolution, identified the funds to receive an allocation of interest. Interest revenue credited to the general fund during fiscal year 2013 amounted to \$3,636, which includes \$3,244 assigned from other School District funds.

***D. Restricted Assets***

Assets are reported as restricted when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. Restricted assets include amounts required by statute to be set aside for the purchase of capital improvements. See Note 15 for additional information regarding set-asides.

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

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***E. Capital Assets***

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

***F. Compensated Absences***

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

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

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

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

***H. Intergovernmental Receipts***

Unrestricted intergovernmental revenues received on the basis of entitlements are recorded as receipts when the entitlement is received. Federal and State reimbursement type grants are recorded as receipts when the grant is received.

***I. Inventory and Prepaid Items***

The School District reports disbursements for inventory and prepaid items when paid. The items are not reflected as assets, but as disbursements in the accompanying cash basis financial statements.

***J. Employer Contributions to Cost-Sharing Pension Plans***

The School District recognizes disbursements for employer contributions to cost-sharing plans when they are paid. As described in Note 7 and 8, the employer contributions include portions for pension benefits and for post-retirement health care benefits.

***K. Interfund Activity***

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

1. Transfers of resources from one fund to another fund through which resources to be expended are recorded as transfers.

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2. Reimbursements from one fund to another are treated as disbursements in the reimbursing fund and a reduction in disbursements in the reimbursed fund.
3. The School District reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

***L. Extraordinary and Special Items***

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

***M. 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 receipts. The amounts reported as the original budgeted amounts reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the year.

***N. Encumbrances***

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

***O. 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.

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***P. Receipts and Disbursements***

Program Receipts

In the Statement of Activities, receipts that are derived directly from each activity or from parties outside the School District's taxpayers are reported as program receipts. The School District has the following program receipts: charges for service, operating and capital grants, contributions and interest.

All other governmental receipts are reported as general. All taxes are classified as general receipts even if restricted for a specific purpose.

Operating Receipts and Disbursements

Operating receipts and disbursements for proprietary funds result from providing services. They also include all receipts and disbursements not related to capital and related financing, noncapital financing, or investing activities.

***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.

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.

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**Note 3 – Accountability and Compliance**

**A. Accountability**

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

*Non Major Special Revenue Funds:*

|                |    |        |
|----------------|----|--------|
| Student Growth | \$ | 857    |
| IDEA B         |    | 36,506 |
| Title II - A   |    | 615    |

The general fund provides transfers to cover deficit balances; however; this is done when cash is needed. The deficit fund balances were created at June 30, 2013, due to the School District not yet receiving reimbursement for certain disbursements.

**B. Compliance**

Ohio Administrative Code Section 117-2-03(B) requires the School District to prepare its annual financial report in accordance with generally accepted accounting principles. For fiscal year 2013, the School District prepared its financial report on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. This financial report omits assets, liabilities, fund equities and disclosures that, while material, cannot be determined at this time.

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

**Note 4 – Deposits and Investments**

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

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

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

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The School District is setting aside monies in a Sinking Fund investment account with the Huntington Bank that will be used to fund the scheduled balloon payment on their long-term obligation described in Note 10. The balance as of June 30, 2013, is \$60,255 and has been excluded from the investments reported below as it is not part of the School District's internal investment pool. These amounts are reported on the financial statements as "Cash and Investments with Fiscal Agents".

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

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

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

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

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

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

**Deposits** - At fiscal year-end, the carrying amount of the School District's deposits was \$12,607,958 and the bank balance was \$12,752,832. As of June 30, 2013, \$7,110,255 of the bank balance was covered by Federal Depository Insurance. The remaining bank balance of \$5,642,577 was collateralized but uninsured.

**Investments** – Investments are reported at cost. STAROhio is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form. As of June 30, 2013, the School District had the following investments and maturities:

| <b>Rating by<br/>Standard<br/>and Poor</b> | <b>Entity</b>                         | <b>Carrying Value</b> | <b>Investment<br/>Maturities<br/>in years (0-1)</b> | <b>Percentage<br/>of Total<br/>Investment</b> |
|--|---------------------------------------|-----------------------|---|---|
| AAAm                                       | STAROhio                              | \$ 1,991,240          | \$ 1,991,240  | 26%   |
| AA+  | Federal National Mortgage Association | 1,500,000             | 1,500,000   | 19%   |
| AA+  | Federal Home Loan Bank                | 1,501,246             | 1,501,246   | 19%   |
| AAAm                                       | Money Market                          | 2,799,735             | 2,799,735   | 36%   |
|  | <b>Total</b>                          | <b>\$ 7,792,221</b>   | <b>\$ 7,792,221</b>                                 | <b>100%</b>                                   |

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

**Custodial Credit Risk** - For an investment, custodial credit risk is the 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 credit 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.

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*Credit Risk* – The School District’s investment credit ratings are summarized above. STAROhio is an investment pool operated by the Ohio State Treasurer. It is unclassified since it is not evidenced by securities that exist in physical or book entry form. Ohio law requires STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service. The weighted average of maturity of the portfolio held by STAROhio as of June 30, 2013, is 58 days.

*Concentration of Credit Risk* –The School District places no limit on the amount the School District may invest in any one issuer. At June 30, 2013, the School District had investments summarized above in amounts greater than 5 percent of total investments.

**Note 5 – Property Taxes**

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

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenue received in calendar year 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 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 Wayne County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 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.

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

|   | 2012 Second-<br>Half Collections |             | 2013 First-<br>Half Collections |             |
|---|----------------------------------|-------------|---------------------------------|-------------|
|   | Amount                           | Percent     | Amount                          | Percent     |
| Agricultural/Residential<br>and other Real Estate | \$ 133,148,100                   | 98%         | \$ 131,840,290                  | 97%         |
| Public Utility                                    | 3,308,110                        | 2%          | 3,682,860                       | 3%          |
| Total   | <u>\$ 136,456,210</u>            | <u>100%</u> | <u>\$ 135,523,150</u>           | <u>100%</u> |
| Tax rate per \$1,000 of assessed valuation        | \$ 59.65                         |             | \$ 59.65                        |             |

**Note 6 – Risk Management**

***A. Property and Liability***

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

The Treasurer is covered under a surety bond in the amount of \$30,000. This bond is provided by the Travelers Casualty and Surety Company of America.

***B. Workers' Compensation***

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

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***C. Employee Medical Benefits***

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

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

**Note 7 – Defined Benefit Pension Plans**

***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 authority for 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 \$196,758, \$189,660 and \$186,959, respectively; 66 percent has been contributed for fiscal year 2013 and 100 percent for the fiscal years 2012 and 2011.

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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 \$676,054, \$626,734 and \$660,348, respectively; 83 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 \$453 made by the School District and \$323 made by the plan members.

***C. Social Security System***

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2013, certain members of the Board of Education have elected social security. The Board’s liability is 6.2 percent of wages paid.

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**Note 8 – Post Employment 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 post on SERS' website at [www.ohsers.org](http://www.ohsers.org) under Employers/AuditResources.

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 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 \$22,199, \$28,037, and \$12,031, respectively; 66 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011.

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 \$10,400, \$11,245, and \$22,638, respectively; 66 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011.

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***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 \$48,290, \$48,210, and \$50,796, respectively; 83 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011.

**Note 9 – Other Employee Benefits**

***A. Life Insurance***

The School District provides term life insurance to employees through American United Life Insurance Company in the amount of \$35,000 for all eligible employees, the Treasurer has \$50,000 in coverage, and the Superintendent has \$200,000 in coverage. Employees with less than an average 25-hour work week are eligible for \$17,500 term life insurance. Term life insurance is provided at a rate of \$.095/\$1,000/month.

***B. Compensated Absences***

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

Teachers, administrators, and classified employees earn sick leave at a rate of one and one-quarter days per month cumulated to a limit of 260 days. Upon retirement, certified and classified employees with 10 years or more of service to the School District may receive severance for 25 percent of accrued and unused sick leave.

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**Note 10 – Long - Term Obligations**

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

| Description                                      | Outstanding<br>6/30/2012 | Additions   | Reductions        | Outstanding<br>6/30/2013 | Amounts<br>Due in<br>One Year |
|--|--------------------------|-------------|-------------------|--------------------------|-------------------------------|
| <b>Governmental Obligations Bonds</b>            |                          |             |                   |                          |                               |
| OSFC School Improvement Bonds, Series 2010 issue |                          |             |                   |                          |                               |
| Build America Bonds - 5.66 - 6.36%               | \$ 7,070,000             | \$ 0        | \$ 0              | \$ 7,070,000             | \$ 0                          |
| Qualified School Construction Bonds - 5.11%      | 5,570,000                | 0           | 10,000            | 5,560,000                | 0                             |
| Tax-Exempt Bonds - 1.25 - 1.5%                   | 131,572                  | 0           | 131,572           | 0                        | 0                             |
| Capital Leases                                   | 192,764                  | 0           | 85,302            | 107,462                  | 37,149                        |
| Total Long-Term Obligations                      | <u>\$ 12,964,336</u>     | <u>\$ 0</u> | <u>\$ 226,874</u> | <u>\$ 12,737,462</u>     | <u>\$ 37,149</u>              |

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

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

The Build America bonds have interest rates ranging from 5.66 to 6.36 percent. \$330,000 of the Build America bonds mature in fiscal year 2028, with the remaining Build America bonds maturing each December 1 through fiscal year 2041. The Qualified School Construction bonds have a 5.11 percent interest rate with final maturity December 1, 2026. The tax-exempt bonds have interest at rates from 1.25 to 1.50 percent. The tax exempt bonds matured December 1, 2012 in the amount of \$131,572.

Principal and interest requirements to retire general obligation bonds outstanding at June 30, 2013 are as follows:

| Fiscal Year<br>Ending June 30, | Qualified School<br>Construction Bonds | Build America<br>Bonds | Interest            | Total               |
|--------------------------------|--|------------------------|---------------------|---------------------|
| 2014                           | \$ 0                                   | \$ 0                   | \$ 716,779          | \$ 716,779          |
| 2015                           | 0                                      | 0                      | 716,779             | 716,779             |
| 2016                           | 0                                      | 0                      | 716,779             | 716,779             |
| 2017                           | 0                                      | 0                      | 716,779             | 716,779             |
| 2018                           | 0                                      | 0                      | 716,779             | 716,779             |
| 2019-2023                      | 0                                      | 0                      | 3,583,895           | 3,583,895           |
| 2024-2028                      | 5,560,000                              | 330,000                | 3,299,268           | 9,189,268           |
| 2029-2033                      | 0                                      | 1,880,000              | 1,863,360           | 3,743,360           |
| 2034-2038                      | 0                                      | 2,435,000              | 1,240,877           | 3,675,877           |
| 2039-2042                      | 0                                      | 2,425,000              | 394,956             | 2,819,956           |
| Total                          | <u>\$ 5,560,000</u>                    | <u>\$ 7,070,000</u>    | <u>\$13,966,251</u> | <u>\$26,596,251</u> |

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

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**Note 11 – Operating Leases**

The School District has entered into leases for copier equipment and computers. Lease payments in the governmental funds have been reclassified and are reflected as debt service in the basic financial statements for the general fund. These disbursements are reflected as program/function expenditures on a budgetary basis.

The following is a schedule of the future minimum lease payments required under the lease agreement and the present value of the minimum lease payments as of June 30, 2013.

| Year                                    | Amount     |
|---|------------|
| 2014                                    | \$ 39,185  |
| 2015                                    | 39,185     |
| 2016                                    | 32,655     |
|   | 111,025    |
| Less amount representing interest       | 3,563      |
| Present Value of Minimum Lease Payments | \$ 107,462 |

**Note 12 – Interfund Transactions**

Interfund loans may result from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, or (3) payments between funds are made. The general fund received interfund cash payments of \$14,532 from the IDEA fund to repay advances from prior fiscal year.

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

**Note 13 – Jointly Governed Organizations**

**A. Tri-County Computer Services Association (TCCSA)**

The Tri-County Computer Services Association (TCCSA) is a jointly governed organization comprised of 22 school districts. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions for member districts. Each of the governments of these districts supports TCCSA based upon a per pupil charge dependent upon the software package utilized. The TCCSA council of governments consists of a superintendent or designated representative from each participating district and a representative from the fiscal agent. TCCSA is governed by an executive committee chosen from the general membership of the TCCSA council of governments. The executive committee consists of a representative from the fiscal agent, the chairman of each operating committee, and at least an assembly member from each county from which participating districts are located. Financial information can be obtained by contacting the Treasurer at the Tri-County Educational Services Center, which serves as fiscal agent, located at 2534 Burbank Road, Wooster, Ohio 44691. During the year ended June 30, 2013, the School District paid approximately \$61,465 to TCCSA for basic service charges.

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

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**B. Portage County School Consortium (the Consortium)**

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

**Note 14 – Contingencies**

**A. Grants**

The School District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, 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.

**C. Other Commitments**

The School District utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year end may be reported as part of restricted, committed or assigned classifications of fund balance. At year end, the School District's commitments for encumbrances in the governmental funds were as follows:

| <u>Fund</u>           | <u>Amount</u>     |
|-----------------------|-------------------|
| General               | \$ 164,559        |
| Classroom Facilities  | 154,155           |
| Nonmajor Governmental | 40,556            |
|                       | <u>\$ 359,270</u> |

**Note 15 – Set-Asides**

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

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

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

|   | <b>Capital<br/>Acquisition</b> |
|---|--------------------------------|
| Set-Aside Reserve Balance June 30, 2012 | \$ 0                           |
| Current Year Set Aside Requirement      | 200,350                        |
| Current Year Qualifying Offsets         | (241,962)                      |
| Total                                   | \$ (41,612)                    |
| Balance carried forward to FY 2014      | \$ 0                           |
| Set-Aside Reserve Balance June 30, 2013 | \$ 0                           |

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

**Note 16 – Budgetary Basis of Accounting**

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

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

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

|                             | General Fund |
|-----------------------------|--------------|
| Net change in Fund Balance  |              |
| Budget basis                | \$ (239,063) |
| Funds budgeted elsewhere**  | 2,180        |
| Adjustment for encumbrances | 73,366       |
| Cash basis                  | \$ (163,517) |

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

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

**Note 17 – Fund Balance**

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

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

|                                 | <u>General</u>      | <u>Classroom<br/>Facilities</u> | <u>Other<br/>Governmental</u> | <u>Total<br/>Governmental</u> |
|---------------------------------|---------------------|---------------------------------|-------------------------------|-------------------------------|
| Nonspendable for:               |                     |                                 |                               |                               |
| Unclaimed Funds                 | \$ 475              | \$ 0                            | \$ 0                          | \$ 475                        |
| Total Nonspendable              | 475                 | 0                               | 0                             | 475                           |
| Restricted for:                 |                     |                                 |                               |                               |
| Permanent Improvements          | 0                   | 0                               | 1,209,135                     | 1,209,135                     |
| Capital Outlay                  | 0                   | 16,257,234                      | 175,870                       | 16,433,104                    |
| Debt Retirement                 | 0                   | 0                               | 278,572                       | 278,572                       |
| Food Service Operations         | 0                   | 0                               | 138,135                       | 138,135                       |
| Extracurricular Activities      | 0                   | 0                               | 63,717                        | 63,717                        |
| Special Education               | 0                   | 0                               | 1,916                         | 1,916                         |
| Technology                      | 0                   | 0                               | 13,505                        | 13,505                        |
| Total Restricted                | 0                   | 16,257,234                      | 1,880,850                     | 18,138,084                    |
| Committed to:                   |                     |                                 |                               |                               |
| Board Specified                 | 45,796              | 0                               | 0                             | 45,796                        |
| Total Committed                 | 45,796              | 0                               | 0                             | 45,796                        |
| Assigned for:                   |                     |                                 |                               |                               |
| Instruction                     | 32,318              | 0                               | 0                             | 32,318                        |
| Support Services                | 55,370              | 0                               | 0                             | 55,370                        |
| Other                           | 13,297              | 0                               | 0                             | 13,297                        |
| Subsequent years appropriations | 386,817             | 0                               | 0                             | 386,817                       |
| Total Assigned                  | 487,802             | 0                               | 0                             | 487,802                       |
| Unassigned                      | 1,654,975           | 0                               | (37,978)                      | 1,616,997                     |
| Total Fund Balances             | <u>\$ 2,189,048</u> | <u>\$ 16,257,234</u>            | <u>\$ 1,842,872</u>           | <u>\$ 20,289,154</u>          |

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

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**Note 18 – Contractual Commitments**

At June 30, 2013, the School District had the following outstanding contractual commitments:

| <u>Contract/Vendor</u>     | <u>Contracted Amount</u> | <u>Amount remaining</u> |
|----------------------------|--------------------------|-------------------------|
| Stan & Associates          | \$ 77,700                | \$ 47,681               |
| Fulton & Associates        | 54,850                   | 53,850                  |
| Jerry Nowak Tours & Travel | 97,000                   | 88,200                  |
|                            | <u>\$ 229,550</u>        | <u>\$ 189,731</u>       |

GREEN LOCAL SCHOOL DISTRICT  
WAYNE COUNTY

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

| FEDERAL GRANTOR<br><i>Pass Through Grantor</i><br>Program Title | Federal<br>CFDA<br>Number | Receipts          | Disbursements     |
|---|---------------------------|-------------------|-------------------|
| <b>U.S. DEPARTMENT OF AGRICULTURE</b>                           |                           |                   |                   |
| <i>Passed Through Ohio Department of Education</i>              |                           |                   |                   |
| Child Nutrition Cluster:  |                           |                   |                   |
| Non-Cash Assistance (Food Distribution)                         |                           |                   |                   |
| National School Lunch Program                                   | 10.555                    | \$ 35,109         | \$ 35,109         |
| Cash Assistance:  |                           |                   |                   |
| School Breakfast Program  | 10.553                    | 23,914            | 23,914            |
| National School Lunch Program                                   | 10.555                    | 139,320           | 139,320           |
| Total Child Nutrition Cluster                                   |                           | <u>198,343</u>    | <u>198,343</u>    |
| State Administrative Expenses for Child Nutrition               | 10.560                    | 13,505            | -                 |
| Total U.S. Department of Agriculture                            |                           | <u>211,848</u>    | <u>198,343</u>    |
| <b>U.S. DEPARTMENT OF EDUCATION</b>                             |                           |                   |                   |
| <i>Passed Through Ohio Department of Education</i>              |                           |                   |                   |
| Special Education - Grants to States                            | 84.027                    | 176,571           | 208,572           |
| Title I Grants to Local Educational Agencies                    | 84.010                    | 169,616           | 173,189           |
| Improving Teacher Quality State Grants                          | 84.367                    | 39,435            | 40,481            |
| Education Technology State Grant                                | 84.318                    | 1,134             | 1,134             |
| ARRA - Race to the Top, Recovery Grant                          | 84.395                    | 4,413             | 5,269             |
| Education Jobs Fund   | 84.410                    | 72,275            | 67,878            |
| Total U.S. Department of Education                              |                           | <u>463,444</u>    | <u>496,523</u>    |
| <b>TOTAL FEDERAL AWARDS RECEIPTS AND EXPENDITURES</b>           |                           | <u>\$ 675,292</u> | <u>\$ 694,866</u> |

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

**GREEN LOCAL SCHOOL DISTRICT  
WAYNE 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's (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  
Wayne County  
484 East Main Street  
PO Box 438  
Smithville, Ohio 44677

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 Green Local School District, Wayne 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 and have issued our report thereon dated January 16, 2014, wherein we noted the District uses a special purpose framework other than generally accepted accounting principles.

### ***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 opinions 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 an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2013-001.

***District's Response to Finding***

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

***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.



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

January 16, 2014



# Dave Yost • Auditor of State

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

Green Local School District  
Wayne County  
484 East Main Street  
PO Box 438  
Smithville, Ohio 44677

To the Board of Education:

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

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, Wayne 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 and have issued our report thereon dated January 16, 2014, wherein we noted the District uses a special purpose framework other than generally accepted accounting principles.

### ***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 the District's major federal program 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 program. However, our audit does not provide a legal determination of the District's compliance.

### ***Opinion on the Major Federal Program***

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

88 East Broad Street, Tenth Floor, Columbus, Ohio 43215-3506  
Phone: 614-466-3402 or 800-443-9275 Fax: 614-728-7199

[www.ohioauditor.gov](http://www.ohioauditor.gov)

***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

January 16, 2014

**GREEN LOCAL SCHOOL DISTRICT  
WAYNE COUNTY**

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

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

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

GREEN LOCAL SCHOOL DISTRICT  
WAYNE COUNTY

SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2013  
(Continued)

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

FINDING NUMBER 2013-001

**Material Noncompliance**

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

**Ohio Admin. Code Section 117-2-03(B)** requires the District to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America (GAAP). The District prepared its financial statements in accordance with the cash basis of accounting in a report format similar to the requirements of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. This presentation differs from GAAP. There would be variances on the financial statements between this accounting practice and GAAP that, while presumably material, cannot be reasonably determined at this time. Failure to prepare proper GAAP financial statements may result in the District being fined or other administrative remedies.

The District should prepare its financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP).

**Officials' Response:** Every year the Board of Education passes a resolution to prepare cash basis financial statements. The Green Local School Board of Education recognizes the value in preparing timely and accurate financial statements to reflect the District's operations as of fiscal year end. Due to the cost requirements of preparing these financial statements according to Generally Accepted Accounting Principles (GAAP), the Board has determined that preparing year end statements on a cash basis of accounting will reflect the district's financial position and allow for resources previously spent on GAAP to be allocated for educational purposes.

3. FINDINGS FOR FEDERAL AWARDS

None

GREEN LOCAL SCHOOL DISTRICT  
WAYNE 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       | Filing GAAP Financial Statements | No               | Not Corrected. See Finding 2013-001.   |

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# Dave Yost • Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT ON APPLYING AGREED-UPON PROCEDURE

Green Local School District  
Wayne County  
484 East Main Street  
PO Box 438  
Smithville, Ohio 44677

To the Board of Education:

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

Accordingly, we have performed the procedure enumerated below, which was agreed to by the Board, solely to assist the Board in evaluating whether Green Local School District, Wayne County, Ohio, (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 October 19, 2010 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  
Columbus, Ohio

January 16, 2014

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# Dave Yost • Auditor of State

**GREEN LOCAL SCHOOL DISTRICT**

**WAYNE COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
FEBRUARY 25, 2014**