

Green Local School District
Wayne County, Ohio
Audited Financial Statements

June 30, 2010



Mary Taylor, CPA
Auditor of State

Board of Education
Green Local School District
484 East Main Street
Smithville, Ohio 44677-0438

We have reviewed the *Independent Auditor's Report* of the Green Local School District, Wayne County, prepared by Rea & Associates, Inc., for the audit period July 1, 2009 through June 30, 2010. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

Mary Taylor

Mary Taylor, CPA
Auditor of State

December 16, 2010

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**GREEN LOCAL SCHOOL DISTRICT
WAYNE COUNTY**

JUNE 30, 2010

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Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

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

November 8, 2010

INDEPENDENT AUDITOR'S REPORT

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Green Local School District (the "School District"), as of and for the year ended June 30, 2010, which collectively comprise the School District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the School District's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School District, as of June 30, 2010, and the respective changes in modified cash financial position, and the respective budgetary comparison for the General Fund for the year then ended in conformity with the basis of accounting Note 1 describes.

For the fiscal year ended June 30, 2010, the School District changed its accounting policies from generally accepted accounting principles to the modified cash basis of accounting. See Notes 3 and 16 for further information.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 8, 2010, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with "Government Auditing Standards" and should be considered in assessing the results of our audit.

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

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

Rea & Associates, Inc.

Green Local School District (Wayne County, Ohio)
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010
(Unaudited)

The discussion and analysis of the Green Local School District's (the School District's) financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2010. The intent of this discussion and analysis is to look at the School District's performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key Financial Highlights for 2010 are as follows:

- ❑ General Receipts accounted for \$10.1 million in revenue or 84% of all receipts. Program specific receipts in the form of charges for services and sales, and operating grants and contributions accounted for approximately \$2.0 million or 16% of total receipts of \$12.1 million.
- ❑ Total program disbursements were \$11.5 million in Governmental Activities.
- ❑ In total, net assets of Governmental Activities increased \$623,201, which represents a 40.2% increase from 2009.

Basis of Accounting

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

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

Reporting the School District as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2010?" The Statement of Net Assets and the Statement of Activities answer this question.

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

Green Local School District (Wayne County, Ohio)
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010
(Unaudited)

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

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

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

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

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

The fiduciary fund financial statement begins on page 15.

Green Local School District (Wayne County, Ohio)
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010
(Unaudited)

The School District as a Whole

This year's financial statements were prepared on the modified cash basis utilizing the Governmental Accounting Standards Board (GASB) 34 format.

Table 1 provides a summary of the School District's net assets for 2010 compared to 2009.

(Table 1)
Net Assets – Modified Cash Basis

	Governmental Activities	
	2010	Restated 2009
Assets		
Equity in Pooled Cash and Cash Equivalents	\$ 2,172,310	\$ 1,549,109
Total Assets	<u>2,172,310</u>	<u>1,549,109</u>
Net Assets		
Restricted	376,762	249,773
Unrestricted (Deficit)	<u>1,795,548</u>	<u>1,299,336</u>
Total Net Assets	<u>\$ 2,172,310</u>	<u>\$ 1,549,109</u>

Net assets of the governmental activities increased \$623,201, which represents a 40.2% increase from fiscal year 2009. This increase is primarily due to an increase in grant monies.

Table 2 shows the changes in net assets for fiscal year 2010 and 2009. This will enable the reader to draw further conclusion about the School District's financial status and possible future outcomes.

(Table 2)
Changes in Net Assets

	Governmental Activities	
	2010	Restated 2009
Receipts		
<i>Program Receipts:</i>		
Charges for Services	\$ 1,226,048	\$ 1,067,028
Operating Grants	768,567	597,253
<i>General Receipts:</i>		
Property Taxes	3,873,889	3,892,674
Grants and Entitlements, not restricted	6,223,642	6,149,224
Other	37,668	188,690
<i>Total Receipts</i>	<u>12,129,814</u>	<u>11,894,869</u>
Program Disbursements		
Instruction	6,630,799	6,535,615
Support Services	3,797,128	3,656,532
Extracurricular Activities	559,323	504,017
Capital Outlay	96,062	321,728
Debt Service	116,629	32,595
Food Services	306,672	306,231
<i>Total Disbursements</i>	<u>11,506,613</u>	<u>11,356,718</u>
Increase in Net Assets	<u>\$ 623,201</u>	<u>\$ 538,151</u>

Green Local School District (Wayne County, Ohio)

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010
(Unaudited)*

Governmental Activities

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

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

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements. All governmental activity had total receipts of \$12.1 million and disbursements of \$11.5 million.

**Table (3)
Governmental Activities**

	2010		2009 - Restated	
	Total Cost of Service	Net Cost of Service	Total Cost of Service	Net Cost of Service
Instruction	\$ 6,630,799	\$ (5,460,241)	\$ 6,535,615	\$ (5,535,327)
Support Services:				
Pupil and Instructional Staff	754,814	(607,185)	605,234	(522,943)
Board of Education, Administration, and Fiscal	1,439,537	(1,380,495)	1,398,235	(1,366,452)
Operation and Maintenance of Plant	803,918	(792,297)	861,586	(860,056)
Pupil Transportation and Central	798,859	(785,141)	791,477	(771,733)
Extracurricular Activities	559,323	(313,797)	504,017	(321,754)
Capital Outlay	96,062	(96,062)	321,728	(321,728)
Repayment of Debt	116,629	(116,629)	32,595	(32,595)
Food Service Operations	306,672	39,849	306,231	40,151
Total	\$ 11,506,613	\$ (9,511,998)	\$ 11,356,718	\$ (9,692,437)

Property taxes made up 31.9% of total receipts for governmental activities for Green Local School District in fiscal year 2010. Program receipts for governmental activities provided 16% of governmental receipts with over 84% of all governmental activities supported through property taxes, grants and entitlements, and other general receipts. The 51% provided by the grants and entitlements portion of general receipts includes monies received from the Ohio Department of Education State Foundation Program, and property tax relief, such as the homestead exemptions and rollbacks, provided by HB920. The community, through its willingness to provide property tax revenues and educational support for students, is a strong supporter for Green Local School District students, but this low wealth district depends heavily on financial support from the State of Ohio through its basic per pupil and Parity Aide funding.

Green Local School District (Wayne County, Ohio)
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010
(Unaudited)

General Fund Budgeting Highlights

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

During the course of fiscal year 2010, there were minor amendments to the School District's total general fund budget. The School District uses site-based budgeting and the budgeting system which are designed to tightly control total site budgets but provide flexibility for site management.

For the general fund, final budgeted receipts and other financing sources were \$10.6 million, below original budget estimates of \$12.0 million. The actual receipts and other financing sources were \$10.2 million, which was in line with the final budget.

General fund original appropriations and other financing uses of \$10.1 million were not significantly changed during the year. The actual budget basis disbursements and other financing uses for fiscal year 2010 totaled \$9.7 million. The actual disbursements were lower than anticipated due to cut backs.

Debt

At June 30, 2010, the School District had \$105,383 in notes outstanding with \$45,817 due within one year. Table 5 summarizes notes outstanding.

(Table 5)
Outstanding Debt, at June 30

	2010	2009
General Obligation Notes:		
Energy Conservation	\$ 105,383	\$ 143,856

The proceeds of the 1999 issuance of notes were utilized for HB 264 Energy Conservation projects including the replacement of high school boilers and lighting. See Note 10 for additional information regarding debt.

Current Issues

Through the implementation of a strategic planning initiative, Green Local Schools' administration, teaching and non-teaching staff, parents, students and community partners have embraced the vision to become the "school system of choice" for all students. The 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 School District (Wayne County, Ohio)

*Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2010
(Unaudited)*

- Green Local will achieve financial stability through the appropriate use of human and other resources while remaining educationally sound;

The School District is utilizing the above goals and related action plan steps to continue the process of being at the forefront of education in Wayne County. Through grant dollars, community donations and general fund dollars, the School District has purchased 60 Smartboards to be used by teachers and students in classrooms. 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 2008-2009 School District report card, as reported by the Ohio Department of Education, shows Green Local Schools as "Effective" having achieved 28 out of 30 indicators with a Performance Index of 99.2%. While the School District's overall rating did not change from 2007-08 school year, there were several areas of significant gains that are directly related to students, parents, teachers and administrators that place a high value on educational standards.

The 2010 school year ended with the School District achieving a financial indicator of slightly more than sixty days of cash on hand in the general fund. This is a significant milestone for the School District and would not have been achieved without cost containment measures made by the administration and the additional revenues from a renewed emergency levy (plus \$210,000 additional) passed in 2007. Federal stimulus grant funds also provided funding for new equipment and educational programming. Other efforts to reduce costs in the past year include joining several school district consortiums to take advantage of group rates for the purchase of natural gas, liability, fleet & property insurance, school buses and life insurance. Green Local Schools is a member of the Portage Area Schools Consortium for group health related benefits. The consortium reduced rates in 2008-09 by 25%. This savings was passed on to member school districts in the form of reduced monthly premiums. Overall, average daily expenditures in 2010 were less than 1% higher than the previous two years.

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

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 expires in 2011. The Green Local Board of Education has authorized this renewal levy to be placed on the November 2, 2010 ballot for a term of ten years. The voters of Green Local School District passed this renewal by a margin of 54.7%.

Green Local School District (Wayne County, Ohio)

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2010

(Unaudited)

On May 4, 2010, the voters of the Green Local School District passed a 4.75 mill bond issue by a margin of 54%. This enables the School District to go forth with the Ohio Schools Facilities Project which will provide new school buildings for all grade levels in the School District. The state's share, 65%, represents \$22,956,884 while the School District's share will be \$12,361,399 excluding local initiatives.

Contacting the School District's Financial Management

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

Green Local School District (Wayne County, Ohio)

Statement of Net Assets - Modified Cash Basis

June 30, 2010

	<u>Governmental Activities</u>
Assets	
Equity in Pooled Cash and Investments	\$ 2,172,310
<i>Total Assets</i>	<u>2,172,310</u>
Net Assets	
Restricted for:	
Capital Projects	225,769
Other Purposes	150,993
Unrestricted	1,795,548
<i>Total Net Assets</i>	<u>\$ 2,172,310</u>

See accompanying notes to the basic financial statements.

Green Local School District (Wayne County, Ohio)
Statement of Activities - Modified Cash Basis
For the Fiscal Year Ended June 30, 2010

	Program Cash Receipts			Net (Disbursements) Receipts and Changes in Net Assets
	Cash Disbursements	Charges for Services and Sales	Operating Grants, Contributions and Interest	Governmental Activities
Governmental Activities				
Instruction:				
Regular	\$ 5,379,552	\$ 762,976	\$ 52,737	\$ (4,563,839)
Special	1,014,000	0	354,845	(659,155)
Vocational	218,678	0	0	(218,678)
Student Intervention	5,237	0	0	(5,237)
Other	13,332	0	0	(13,332)
Support Services:				
Pupils	418,077	0	146,641	(271,436)
Instructional Staff	336,737	0	988	(335,749)
Board of Education	56,228	0	5,742	(50,486)
Administration	1,055,460	0	53,300	(1,002,160)
Fiscal	327,849	0	0	(327,849)
Operation and Maintenance of Plant	803,918	11,621	0	(792,297)
Pupil Transportation	690,806	0	0	(690,806)
Central	108,053	0	13,718	(94,335)
Food Service Operations	306,672	223,041	123,480	39,849
Extracurricular Activities	559,323	228,410	17,116	(313,797)
Capital Outlay	96,062	0	0	(96,062)
Debt Service:				
Principal	103,955	0	0	(103,955)
Interest and Fiscal Charges	12,674	0	0	(12,674)
<i>Total Governmental Activities</i>	<u>\$ 11,506,613</u>	<u>\$ 1,226,048</u>	<u>\$ 768,567</u>	<u>(9,511,998)</u>

General Receipts

Property Taxes Levied for:

General Purposes	3,683,301
Capital Outlay	190,588
Grants and Entitlements not Restricted to Specific Programs	6,223,642
Investment Earnings	4,292
Miscellaneous	33,376
<i>Total General Receipts</i>	<u>10,135,199</u>

Change in Net Assets 623,201

Net Assets Beginning of Year (Restated) 1,549,109
Net Assets End of Year \$ 2,172,310

Green Local School District (Wayne County, Ohio)
Balance Sheet - Modified Cash Basis
Governmental Funds
June 30, 2010

	General	Permanent Improvement Fund	Other Governmental Funds	Total Governmental Funds
Assets				
Equity in Pooled Cash and Investments	\$ 1,709,469	\$ 225,769	\$ 237,072	\$ 2,172,310
<i>Total Assets</i>	<u>\$ 1,709,469</u>	<u>\$ 225,769</u>	<u>\$ 237,072</u>	<u>\$ 2,172,310</u>
Fund Balances				
Reserved for Encumbrances	\$ 10,490	\$ 29,801	\$ 10,298	\$ 50,589
Unreserved, Undesignated, Reported in:				
General Fund	1,698,979	0	0	1,698,979
Special Revenue Funds	0	0	226,774	226,774
Capital Projects Funds	0	195,968	0	195,968
<i>Total Fund Balances</i>	<u>\$ 1,709,469</u>	<u>\$ 225,769</u>	<u>\$ 237,072</u>	<u>\$ 2,172,310</u>

See accompanying notes to the basic financial statements.

Green Local School District (Wayne County, Ohio)
Statement of Cash Receipts, Disbursements and Changes in Fund Balances - Modified Cash Basis
Governmental Funds
For the Fiscal Year Ended June 30, 2010

	General	Permanent Improvement Fund	Other Governmental Funds	Total Governmental Funds
Receipts				
Taxes	\$ 3,683,302	\$ 190,588	\$ 0	\$ 3,873,890
Intergovernmental	5,842,904	40,819	1,077,426	6,961,149
Investment Income	4,292	0	353	4,645
Tuition and Fees	603,433	0	62,138	665,571
Extracurricular Activities	0	0	299,905	299,905
Charges for Services	25,912	0	223,040	248,952
Rentals	11,621	0	0	11,621
Gifts and Donations	0	6,000	28,127	34,127
Miscellaneous	23,987	0	2,495	26,482
<i>Total Receipts</i>	<u>10,195,451</u>	<u>237,407</u>	<u>1,693,484</u>	<u>12,126,342</u>
Disbursements				
Current:				
Instruction:				
Regular	5,188,701	0	190,851	5,379,552
Special	590,258	0	423,742	1,014,000
Vocational	218,678	0	0	218,678
Student Intervention	5,237	0	0	5,237
Other	0	0	13,332	13,332
Support Services:				
Pupils	349,971	0	68,106	418,077
Instructional Staff	262,599	0	74,138	336,737
Board of Education	46,668	0	9,560	56,228
Administration	848,036	0	207,424	1,055,460
Fiscal	290,432	3,577	33,840	327,849
Operation and Maintenance of Plant	785,020	18,898	0	803,918
Pupil Transportation	684,979	0	5,827	690,806
Central	46,291	0	61,762	108,053
Food Service Operations	0	0	306,672	306,672
Extracurricular Activities	302,359	0	256,964	559,323
Capital Outlay	23,457	72,605	0	96,062
Debt Service:				
Principal Retirement	44,795	46,940	12,220	103,955
Interest and Fiscal Charges	4,868	7,806	0	12,674
<i>Total Disbursements</i>	<u>9,692,349</u>	<u>149,826</u>	<u>1,664,438</u>	<u>11,506,613</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	503,102	87,581	29,046	619,729
Other Financing Sources (Uses)				
Advances In	24,738	0	10,283	35,021
Refund of Prior Year Expenditures	1,856	0	1,616	3,472
Advances Out	(10,283)	0	(24,738)	(35,021)
<i>Total Financing Sources and (Uses)</i>	<u>16,311</u>	<u>0</u>	<u>(12,839)</u>	<u>3,472</u>
<i>Net Change in Fund Balance</i>	519,413	87,581	16,207	623,201
<i>Fund Balance (Deficit) at Beginning of Year (Restated)</i>	1,190,056	138,188	220,865	1,549,109
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$ 1,709,469</u>	<u>\$ 225,769</u>	<u>\$ 237,072</u>	<u>\$ 2,172,310</u>

See accompanying notes to the basic financial statements.

Green Local School District (Wayne County, Ohio)
*Statement of Cash Receipts, Disbursements, and Changes in Fund Balance -
 Budget and Actual - Budget Basis
 General Fund
 For the Fiscal Year Ended June 30, 2010*

	Budgeted Amounts			Variance with Final Budget Positive (Negative)
	Original	Final	Actual	
Receipts:				
Taxes	\$ 3,696,285	\$ 3,876,549	\$ 3,683,302	\$ (193,247)
Intergovernmental	7,411,562	5,975,534	5,842,904	(132,630)
Investment Income	5,444	4,389	4,292	(97)
Tuition and Fees	765,438	617,131	603,433	(13,698)
Charges for Services	32,869	26,500	25,912	(588)
Rent	14,741	11,885	11,621	(264)
Miscellaneous	30,427	24,533	23,987	(546)
<i>Total Revenues</i>	<u>11,956,766</u>	<u>10,536,521</u>	<u>10,195,451</u>	<u>(341,070)</u>
Disbursements:				
Current:				
Instruction	6,284,043	6,284,043	6,006,978	277,065
Support Services:				
Pupils	373,081	373,081	350,021	23,060
Instructional Staff	267,212	267,212	262,768	4,444
Board of Education	52,418	52,418	46,680	5,738
Administration	819,120	819,120	849,388	(30,268)
Fiscal	291,967	291,967	290,537	1,430
Operation and Maintenance of Plant	861,137	861,137	786,360	74,777
Pupil Transportation	733,172	733,172	688,232	44,940
Central	31,080	31,080	46,396	(15,316)
Extracurricular Activities	322,236	322,236	302,359	19,877
Capital Outlay	44,999	44,999	23,457	21,542
Debt Service:				
Principal	30,384	30,384	44,795	(14,411)
Interest and Fiscal Charges	3,305	3,305	4,868	(1,563)
<i>Total Disbursements</i>	<u>10,114,154</u>	<u>10,114,154</u>	<u>9,702,839</u>	<u>411,315</u>
Excess of Receipts Over (Under) Disbursements	1,842,612	422,367	492,612	70,245
Other Financing Sources (Uses):				
Advances In	31,379	25,300	24,738	(562)
Refund of Prior Year Expenditures	2,354	1,898	1,856	(42)
Advance Out	(10,959)	(10,959)	(10,283)	676
<i>Total Other Financing Sources (Uses)</i>	<u>22,774</u>	<u>16,239</u>	<u>16,311</u>	<u>72</u>
<i>Net Change in Fund Balance</i>	1,865,386	438,606	508,923	70,317
<i>Fund Balance (Deficit) at Beginning of Year</i>	1,132,549	1,132,549	1,132,549	0
Prior Year Encumbrances Appropriated	57,507	57,507	57,507	0
<i>Fund Balance (Deficit) at End of Year</i>	<u>\$ 3,055,442</u>	<u>\$ 1,628,662</u>	<u>\$ 1,698,979</u>	<u>\$ 70,317</u>

See accompanying notes to the basic financial statements.

Green Local School District (Wayne County, Ohio)
Statement of Fiduciary Net Assets - Modified Cash Basis
Fiduciary Funds
June 30, 2010

	<u>Agency</u>
Assets	
Equity in Pooled Cash and Investments	<u>\$ 65,656</u>
<i>Total Assets</i>	<u><u>\$ 65,656</u></u>
Net Assets	
Held in Trust for Student Activities	<u>\$ 65,656</u>
<i>Total Net Assets</i>	<u><u>\$ 65,656</u></u>

See accompanying notes to the basic financial statements.

Green Local School District (Wayne County, Ohio)

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2010

Note 1 – Description of the School District

The Green Local School District (the "School District") is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The School District is a local district as defined by Section 3311.03 of the Ohio Revised Code. The School District operates under a locally-elected five member board form of government and provides educational services as authorized and mandated by state and federal agencies. Average daily membership on, or as of, October 1, 2009, was 1,238. The School District employs 105 certificated and 56 non-certificated employees.

Reporting Entity

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

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

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

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

Note 2 - Summary of Significant Accounting Policies

A. Basis of Presentation

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

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

Green Local School District (Wayne County, Ohio)

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2010

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

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

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

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

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.

Permanent Improvement Fund The permanent improvement fund is used to account for all transactions related to the acquiring, constructing, or improving major capital facilities.

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

Green Local School District (Wayne County, Ohio)

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2010

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

C. Cash and Cash Equivalents

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

During fiscal year 2010, investments were limited to State Treasury Asset Reserve of Ohio (STAROhio).

STAROhio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price, which is the price the investment could be sold for on June 30, 2010.

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

Following Ohio statutes, the Board of Education has, by resolution, identified the funds to receive an allocation of interest. Interest revenue credited to the general fund during fiscal year 2010 amounted to \$4,292, which includes \$976 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 textbooks and capital improvements. See Note 15 for additional information regarding set-asides.

E. Capital Assets

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

F. Compensated Absences

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

Green Local School District (Wayne County, Ohio)

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2010

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

H. Interfund Activity

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

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

I. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal 2010.

J. Budgetary Data

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

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2010.

Green Local School District (Wayne County, Ohio)

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2010

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.

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 a reservation of fund balance for subsequent-year disbursements for governmental funds and reported in the notes to the financial statements for proprietary funds.

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

Note 3 – Accountability and Compliance

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 2010, the School District prepared its financial report on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. This financial report omits assets, liabilities, fund equities and disclosures that, while material, cannot be determined at this time.

The Green Local 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.

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.

Green Local School District (Wayne County, Ohio)

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2010

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

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

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

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

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

Green Local School District (Wayne County, Ohio)

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2010

Deposits - At fiscal year-end, the carrying amount of the School District's deposits was \$681,150 and the bank balance was \$844,291. As of June 30, 2010, the entire bank balance was covered by Federal Depository Insurance.

Investments – Investments are reported at fair value. STAROhio is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form. As of June 30, 2010, the School District had the following investments and maturity:

<u>Rating by Standard and Poor</u>	<u>Entity</u>	<u>Fair Value</u>	<u>Investment Maturities in months (0-6)</u>	<u>Percentage of Total Investment</u>
AAAm	STAROhio	\$ 1,556,816	\$ 1,556,816	100.00%

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

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

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

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

Note 5 - Property Taxes

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

Property taxes include amounts levied against all real, public utility and tangible personal (used in business) property located within the School District. Real Property tax revenue received in calendar 2010 represents collections of calendar year 2009 taxes. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Assessed values for real property taxes are established by State law at 35% of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternative payment dates to be established.

Public utility property tax revenue received in calendar year 2010 represents collections of calendar year 2009 taxes. Public utility property taxes attached as a lien on December 31 of the prior year, were levied April 1 and are collected with real property taxes. All property is required to be revalued every six years. Public utility property taxes are assessed at 35% of true value and public utility tangible personal property currently is assessed at varying percentages of true value.

Green Local School District (Wayne County, Ohio)

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2010

Tangible personal property tax revenues received in calendar year 2010 (other than public utility property) represent the collection of calendar year 2010 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. The October 2008 tangible personal property tax settlement was the last property tax settlement for general personal property taxes. Tangible personal property taxes received from telephone companies in calendar year 2010 were levied after October 1, 2009, on the value as of December 31, 2009. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the District prior to June 30.

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

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

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

	2009 Second Half Collections		2010 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$ 129,358,999	97.27%	\$ 129,604,560	97.30%
Public Utility	79,560	0.06%	88,390	0.07%
Tangible Personal Property	3,548,840	2.67%	3,499,811	2.63%
	<u>\$ 132,987,399</u>	<u>100.00%</u>	<u>\$ 133,192,761</u>	<u>100.00%</u>

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 reductions in insurance coverage from the prior year.

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

Green Local School District (Wayne County, Ohio)

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2010

B. Workers' Compensation

Effective calendar year 2010, the School District enrolled in the Ohio SchoolComp 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.

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 coverages as a group. The Consortium is organized into two distinct entities to facilitate its risk management operations. The Property and Casualty Insurance Pool functions to manage the member districts' physical property and liability risks. The Health and Welfare Trust is to facilitate the management of risks associated with providing employee benefits, coverages such as health and accident insurance, disability insurance and life insurance. The School District participates in the Health and Welfare Trust. The Consortium retains a third-party administrator to facilitate the operation of the Health and Welfare Trust.

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

Note 7 - Pension Plans

A. School Employees Retirement System

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

Funding Policy - Plan members are required to contribute 10% of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14% of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2010, 12.78% of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to a statutory maximum amount of 10% for plan members and 14% for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2010, 2009 and 2008 were \$164,501, \$119,802, and \$119,250, respectively; 34% has been contributed for fiscal year 2010 and 100% for the fiscal years 2009 and 2008.

Green Local School District (Wayne County, Ohio)

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2010

B. State Teachers Retirement System

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

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

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

Funding Policy - For the fiscal year ended June 30, 2010, plan members were required to contribute 10% of their annual covered salaries. The School District was required to contribute 14%; 13% was the portion used to fund pension obligations. For fiscal year 2010, the portion used to fund pension obligations was also 13%. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2009, 2008, and 2007 were \$626,645, \$617,208 and \$621,239, respectively; 82% has been contributed for fiscal year 2010 and 100% for fiscal years 2009 and 2008. Contributions to the DC and Combined Plans for fiscal year 2010 were \$339 made by the School District and \$454 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, 2010, all members of the Board of Education have elected Social Security. The Board's liability is 6.2% of wages paid.

Green Local School District (Wayne County, Ohio)

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2010

Note 8 - Postemployment Benefits

A. School Employees Retirement System

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

Funding Policy – State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14% of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 401h. For 2010, .46% of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined amount; for 2010, this amount was \$35,800.

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

The School District's contributions for health care for the fiscal years ended June 30, 2010, 2009, and 2008 were \$5,921, \$54,827, and \$54,418, respectively; 34% has been contributed for fiscal year 2010 and 100% for fiscal years 2009 and 2008.

The Retirement Board, acting with advice of the actuary, allocates a portion of the employer contribution to the Medicare B Fund. For 2010, this actuarially required allocation was 0.76% of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2010, 2009, and 2008 were \$9,783, \$9,885, and \$8,592, respectively; 34% has been contributed for fiscal year 2010 and 100% for fiscal years 2009 and 2008.

B. State Teachers Retirement System

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

Green Local School District (Wayne County, Ohio)

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2010

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 2010, STRS Ohio allocated employer contributions equal to 1% of covered payroll to the Health Care Stabilization Fund. The School District's contributions for health care for the fiscal years ended June 30, 2010, 2009, and 2008 were \$48,203, \$47,478, and \$47,788, respectively; 82% has been contributed for fiscal year 2010 and 100% for fiscal years 2009 and 2008.

Note 9 – Other Employee Benefits

A. Life Insurance

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

B. Compensated Absences

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

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

Note 10 - Long - Term Obligations

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

	<u>Outstanding 6/30/2009</u>	<u>Additions</u>	<u>Reductions</u>	<u>Outstanding 6/30/2010</u>	<u>Due in One Year</u>
Governmental Activities:					
Notes Payable:					
HB264 Energy Conservation-5.75%	\$ 143,856	\$ 0	\$ 38,473	\$ 105,383	\$ 45,817
Capital Leases	<u>58,659</u>	<u>169,475</u>	<u>65,482</u>	<u>162,652</u>	<u>55,504</u>
Long-Term Liabilities	<u>\$ 202,515</u>	<u>\$ 169,475</u>	<u>\$ 103,955</u>	<u>\$ 268,035</u>	<u>\$ 101,321</u>

Notes payable will be paid from tax revenues in the permanent improvement fund. Capital leases will be paid from the general fund, special revenue funds, and the capital improvement funds.

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

Green Local School District (Wayne County, Ohio)

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2010

Principal and interest requirements to retire general obligation notes outstanding at June 30, 2010 are as follows:

Fiscal Year Ending June 30,	Notes Payable		Total
	Principal	Interest	
2011	\$ 45,817	\$ 4,778	\$ 50,595
2012	48,210	2,385	50,595
2013	11,356	160	11,516
Total	<u>\$ 105,383</u>	<u>\$ 7,323</u>	<u>\$ 112,706</u>

Note 11 – Capitalized Leases

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

The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2010.

Year	Amount
2011	\$ 61,808
2012	61,808
2013	50,130
	<u>173,746</u>
Less amount representing interest	11,094
Present Value of Minimum Lease Payments	<u>\$ 162,652</u>

Note 12 - Interfund Transactions

Interfund loans may result from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, or (3) payments between funds are made. The general fund had unpaid interfund cash advances of \$10,173 to the IDEA fund and \$110 to Title I fund to cover operating disbursements. As of June 30, 2010, all interfund loans outstanding are anticipated to be repaid in fiscal year 2011.

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.

Green Local School District (Wayne County, Ohio)

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2010

Note 13 - Jointly Governed Organizations

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

The Tri-County Computer Services Association (TCCSA) is a jointly governed organization comprised of 22 school districts. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions for member districts. Each of the governments of these districts supports TCCSA based upon a per pupil charge dependent upon the software package utilized. The TCCSA council of governments consists of a superintendent or designated representative from each participating district and a representative from the fiscal agent. TCCSA is governed by an executive committee chosen from the general membership of the TCCSA council of governments. The executive committee consists of a representative from the fiscal agent, the chairman of each operating committee, and at least an assembly member from each county from which participating districts are located. Financial information can be obtained by contacting the Treasurer at the Ashland - Wayne County Education Services Center, which serves as fiscal agent, located at 2534 Burbank Road, Wooster, Ohio 44691. During the year ended June 30, 2010, the School District paid approximately \$37,043 to TCCSA for basic service charges.

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

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

Note 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 purchase of textbooks and other instructional materials and an equal amount for acquisition and construction of capital improvements. Amounts not spent by year-end or offset by similarly restricted resources received during the year must be held in cash at year-end and carried forward to be used for the same purposes in future years.

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

Green Local School District (Wayne County, Ohio)

*Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2010*

	Capital Improvement Reserve	Textbook Instructional Materials Reserve
Set-Aside Carryover Balance as of June 30, 2009	\$ 0	\$ (185,116)
Current Year Set-Aside Requirement	191,222	191,222
Qualifying Disbursements	(328,640)	(157,301)
Totals	<u>\$ (137,418)</u>	<u>\$ (151,195)</u>
Cash Balance Carried Forward FY 2011	<u>\$ 0</u>	<u>\$ (151,195)</u>
Amount to be Restricted for Set-Asides		<u>\$ 0</u>
Amount to Set-Aside		<u>\$ 0</u>

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

Note 16 – Change in Basis of Accounting and Restatement of Fund Equity

A. Change in Basis of Accounting

For 2010, the School District ceased to report using generally accepted accounting principles and reported on the modified cash basis as described in Note 2A.

B. Restatement of Fund Equity

The implementation of this change had the following effects on fund equity of the major and nonmajor funds of the School District as they were previously reported. The effects on net assets of governmental activities are also presented.

	General Fund	Permanent Improvements Fund	Other Governmental Funds	Total Governmental Funds
Fund Balance June 30, 2009	\$ 228,287	\$ 148,649	\$ 150,215	\$ 527,151
Eliminate:				
Taxes Receivable	(3,601,922)	(184,816)	0	(3,786,738)
Accounts Receivable	(10)	0	(519)	(529)
Interfund Receivable	(24,738)	0	0	(24,738)
Intergovernmental Receivable	0	0	(77,979)	(77,979)
Accounts Payable	14,700	1,030	3,100	18,830
Accrued Wages and Benefits	850,677	0	36,730	887,407
Vacation Benefits Payable	38,887	0	0	38,887
Mature Compensated Absences Payable	86,298	0	0	86,298
Interfund Payable	0	0	24,738	24,738
Intergovernmental Payable	292,464	0	11,979	304,443
Deferred Revenue	3,305,413	173,325	72,601	3,551,339
Adjusted Fund Balance June 30, 2009	<u>\$ 1,190,056</u>	<u>\$ 138,188</u>	<u>\$ 220,865</u>	<u>\$ 1,549,109</u>

Green Local School District (Wayne County, Ohio)

Notes to the Basic Financial Statements

For the Fiscal Year Ended June 30, 2010

	Governmental Activities
Governmental Activities Net Assets June 30, 2009	\$ 2,423,653
Eliminate Government-Wide Financial Statement Adjustments:	
Taxes Receivable	(3,786,738)
Accounts Receivable	(529)
Intergovernmental Receivable	(77,979)
Nondepreciable Capital Assets	(109,662)
Depreciable Capital Assets	(2,675,431)
Accounts Payable	18,830
Accrued Wages and Benefits	887,407
Vacation Benefits Payable	38,887
Mature Compensated Absences Payable	86,298
Intergovernmental Payable	304,443
Deferred Revenue	3,380,131
Long-Term Obligations:	
Due Within One Year	116,748
Due in More Than One Year	943,051
Adjusted Governmental Activities Net Assets June 30, 2009	<u>\$ 1,549,109</u>

Note 17 – Subsequent Event

On September 15, 2010 the School District issued \$12,950,000 in bonds to help finance their Ohio School Facilities Project which will build one new K-5 Elementary Building and one 6-12 Middle/High School. The total amount of the project will be \$35,906,844. The bonds have an average yield of 2.62% and mature in 2041.

On November 2, 2010, the voters of the School District passed a \$850,000 renewal levy for a term of 10 years.



Rea & Associates, Inc.
ACCOUNTANTS AND BUSINESS CONSULTANTS

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

November 8, 2010

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

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Green Local School District (the "School District") as of and for the year ended June 30, 2010, which collectively comprise School District's basic financial statements and have issued our report thereon dated November 8, 2010, wherein we noted the School District uses a comprehensive accounting basis other than generally accepted accounting principles. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings and questioned costs as items 2010-001.

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

We noted certain matters that we reported to management of the School District in a separate letter dated November 8, 2010.

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

Hea & Associates, Inc.



Rea & Associates, Inc.
ACCOUNTANTS AND BUSINESS CONSULTANTS

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

November 8, 2010

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

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

Compliance

We have audited the compliance of Green Local School District (the "School District") with the types of compliance requirements described in the U. S. Office of Management and Budget (OMB) Circular A-133, *Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2010. The School District's major federal programs are identified in the summary of auditor's results section of the accompanying *Schedule of Findings and Questioned Costs*. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the School District's management. Our responsibility is to express an opinion on the School District's compliance based on our audit.

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

In our opinion, the School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2010.

Internal Control Over Compliance

The management of the School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control over compliance.

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

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

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

Hea & Associates, Inc.

GREEN LOCAL SCHOOL DISTRICT
WAYNE COUNTY
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2010

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	CFDA Number	Grant Number	Federal Receipts	Non-Cash Receipts	Federal Disbursements	Non-Cash Disbursements
U. S. DEPARTMENT OF AGRICULTURE						
<i>Passed through Ohio Department of Education:</i>						
Nutrition Cluster:						
National School Lunch Program	10.555	2010	\$ 118,895	\$ 20,633	\$ 118,895	\$ 20,633
Special Milk Program for Children	10.556	2010	1,791		1,791	
Total - Nutrition Cluster			<u>120,686</u>	<u>20,633</u>	<u>120,686</u>	<u>20,633</u>
Total US Department of Agriculture			<u>120,686</u>	<u>20,633</u>	<u>120,686</u>	<u>20,633</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>						
<i>Passed through Ohio Department of Education:</i>						
Title 1, Part A	84.010	2009	28,959		30,481	
		2010	107,399		105,078	
Title 1, Part A - ARRA	84.389	2010	43,673		43,246	
Total Title I			<u>180,031</u>		<u>178,805</u>	
Special Education Cluster:						
Title VI-B	84.027	2009	13,963		17,137	
		2010	203,773		213,945	
Title VI-B - ARRA	84.391	2010	142,658		123,089	
Total Special Education Cluster			<u>360,394</u>		<u>354,171</u>	
Title V	84.298	2009	362		453	
Total Title V			<u>362</u>		<u>453</u>	
Safe, Drug-Free Schools & Communities Act Grant	84.186	2009	571		1,423	
		2010	3,050		3,050	
Total Safe, Drug-Free Schools			<u>3,621</u>		<u>4,473</u>	
Title II-D Technology	84.318	2010	988		1,098	
Title II-A	84.367	2009	-		4,586	
		2010	41,047		39,680	
Total Title II-A			<u>41,047</u>		<u>44,266</u>	
State Fiscal Stabilization Fund - ARRA	84.394	2010	339,919		338,419	
Total U. S. Department of Education						
Passed through Ohio Department of Education			<u>926,362</u>		<u>921,685</u>	
Total Federal Financial Assistance			<u>\$ 1,047,048</u>	<u>\$ 20,633</u>	<u>\$ 1,042,371</u>	<u>\$ 20,633</u>

See accompanying notes to schedule of expenditures of federal awards.

GREEN LOCAL SCHOOL DISTRICT
WAYNE COUNTY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2010

NOTE A: SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B: NUTRITION CLUSTER

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

Food Distribution Program nonmonetary assistance is reported in the schedule of expenditures of federal awards at the entitlement value of the commodities received and disbursed. At June 30, 2010, the School District had no significant food commodities inventory.

GREEN LOCAL SCHOOL DISTRICT
WAYNE COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
JUNE 30, 2010

1. SUMMARY OF AUDITOR'S RESULTS

A-133 Ref.
.505(d)

(d) (1) (i)	Type of Financial Statement Opinion	Unqualified
(d) (1) (ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d) (1) (ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d) (1) (iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	Yes
(d) (1) (iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d) (1) (iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d) (1) (v)	Type of Major Programs' Compliance Opinion	Unqualified
(d) (1) (vi)	Are there any reportable findings under Section .510(a) of Circular A-133?	No
(d) (1) (vii)	Major Programs (list): Special Education Cluster State Fiscal Stabilization Fund	CFDA # 84.027; 84.391 84.394
(d) (1) (viii)	Dollar Threshold: Type A/B Programs	Type A: >\$300,000 Type B: All others
(d) (1) (ix)	Low Risk Auditee?	Yes

GREEN LOCAL SCHOOL DISTRICT
WAYNE COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS (continued)
JUNE 30, 2010

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

2010-001	
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Ohio Admin. Code Section 117-2-03(B) requires the School District to prepare its annual financial report in accordance with generally accepted accounting principles (GAAP).

The School District chose to prepare its financial statements and notes on the basis of cash receipts and disbursements, which is a comprehensive basis of accounting other than GAAP. The financial statements and notes omit assets, liabilities, fund equities, and disclosures that are material, however, cannot be determined at this time.

It is recommended that the School District prepare its annual financial report in accordance with GAAP.

Client's Response

The Green Local Board of Education recognizes the value in preparing accurate and timely financial statements to reflect the 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 yearend statements on a cash basis of accounting will accurately reflect the district's financial position and allow for those resources previously spent on GAAP to be allocated to education purposes. Reference: Board resolution 5. D., June 15, 2010.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
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NONE	
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Mary Taylor, CPA
Auditor of State

GREEN LOCAL SCHOOL DISTRICT

WAYNE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
DECEMBER 28, 2010**