

Audit Report

July 1, 2001 through June 30, 2002



GREEN LOCAL SCHOOL DISTRICT



*Certified Public Accountants
& Business Consultants*



**Auditor of State
Betty Montgomery**

Board of Education
Green Local School District
P.O. Box 218
1900 Greensburg Road
Green, Ohio 44232

We have reviewed the Independent Auditor's Report of the Green Local School District, Summit County, prepared by Moore Stephens Apple, for the audit period July 1, 2001 through June 30, 2002. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

A handwritten signature in cursive script that reads "Betty Montgomery".

BETTY MONTGOMERY
Auditor of State

March 14, 2003

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**GREEN LOCAL SCHOOL DISTRICT
SUMMIT COUNTY**

Audit Report – July 1, 2001 through June 30, 2002

TABLE OF CONTENTS

	<u>Page</u>
REPORT OF INDEPENDENT AUDITORS	1
GENERAL PURPOSE FINANCIAL STATEMENTS	
COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS	3
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES AND SIMILAR TRUST FUNDS	6
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET BASIS AND ACTUAL - ALL GOVERNMENTAL FUND TYPES AND SIMILAR TRUST FUNDS	8
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN RETAINED EARNINGS - ALL PROPRIETARY FUND TYPES	12
COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND EQUITY - BUDGET BASIS AND ACTUAL - ALL PROPRIETARY FUND TYPES	13
COMBINED STATEMENT OF CASH FLOWS - ALL PROPRIETARY FUND TYPES	15
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS	16
SCHEDULE OF FEDERAL AWARDS	48
INDEPENDENT AUDITORS' REPORTS – OTHER	
COMPLIANCE AND INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF GENERAL PURPOSE FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS	49

**GREEN LOCAL SCHOOL DISTRICT
SUMMIT COUNTY**

Audit Report – July 1, 2001 through June 30, 2002

TABLE OF CONTENTS - Continued

COMPLIANCE WITH REQUIREMENTS APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133	51
SCHEDULE OF FINDINGS AND QUESTIONED COSTS	53
SCHEDULE OF PRIOR AUDIT FINDINGS	54

Report of Independent Auditors

To the Board of Education
Green Local School District
Summit County
PO Box 218
1900 Greensburg Road
Green, Ohio 44232

We have audited the accompanying general purpose financial statements of the Green Local School District as of and for the year ended June 30, 2002. These general purpose financial statements are the responsibility of the Green Local School District's management. Our responsibility is to express an opinion on these general purpose 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 general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Green Local School District as of June 30, 2002 and the results of its operations and cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated November 1, 2002 on our consideration of the Green Local School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements of Green Local School District, taken as a whole. 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 general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

Moore Stephens Apple

Akron, Ohio
November 1, 2002

**Green Local School District
Combined Balance Sheet – All Fund Types and Account Groups
June 30, 2002**

	Governmental Fund Types				Proprietary Fund Types		Fiduciary Fund Types		Account Groups			Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service	Expendable Trust and Agency	General Fixed Assets	General Long-Term Obligations			
ASSETS AND OTHER DEBITS:												
Assets:												
Equity in Pooled Cash and Investments	\$1,994,074	\$347,229	\$517,686	\$722,645	\$157,699	\$511,016	\$156,747	\$0	\$0	\$0	\$0	\$4,407,096
Restricted Assets:												
Cash and Cash Equivalents	800,030	0	0	0	0	0	0	0	0	0	0	800,030
Receivables												
Taxes	13,206,909	0	1,901,197	1,312,730	0	0	0	0	0	0	0	16,420,836
Accounts	26,089	27	0	0	217	0	0	0	0	0	0	26,333
Intergovernmental	0	62,100	0	0	22,645	0	0	0	0	0	0	84,745
Interfund	0	0	0	0	0	0	0	0	0	0	0	0
Inventory Held for Resale	0	0	0	0	17,604	0	0	0	0	0	0	17,604
Materials and Supplies												
Inventory	26,075	0	0	0	18,660	0	0	0	0	0	0	44,735
Prepaid Items	33,715	0	0	0	0	0	0	0	0	0	0	33,715
Fixed Assets (Net where applicable, of Accumulated Depreciation)	0	0	0	0	21,779	0	0	29,249,898	0	0	0	29,271,677
Other Debits:												
Amount available in debt service	0	0	0	0	0	0	0	0	473,780	0	0	473,780
Amount to be Provided for Retirement of General Long-Term Obligations	0	0	0	0	0	0	0	0	19,547,579	0	0	19,547,579
Total Assets and Other Debits	\$16,086,892	\$409,356	\$2,418,883	\$2,035,375	\$238,604	\$511,016	\$156,747	\$29,249,898	\$20,021,359	\$0	\$0	\$71,128,130

The accompanying notes are an integral part of these statements.

**Green Local School District
Combined Balance Sheet – All Fund Types and Account Groups
June 30, 2002**

	Governmental Fund Types				Proprietary Fund Types		Fiduciary Fund Types		Account Groups			Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Enterprise Service	Internal Service	Expendable Trust and Agency	General Fixed Assets	General Long-Term Obligations			
										General	Long-Term Obligations	
LIABILITIES, FUND EQUITY AND OTHER CREDI												
Liabilities:												
Accounts Payable	\$176,375	\$18,757	\$0	\$77,261	\$14,698	\$0	\$7,779	\$0	\$0	\$0	\$294,870	
Accrued Wages and Benefits	3,103,581	50,057	0	0	72,962	0	0	0	0	0	3,226,600	
Compensated Absences	91,367	0	0	0	21,332	0	0	0	1,368,267	0	1,480,966	
Intergovernmental Payable	453,434	3,539	0	12	12,361	0	0	0	197,672	0	667,018	
Interfund Payable	0	0	0	0	0	0	0	0	0	0	0	
Due to Others	0	0	0	0	0	0	139,666	0	0	0	139,666	
Deferred Revenue	12,811,260	62,100	1,866,630	1,264,081	19,314	0	0	0	0	0	16,023,385	
Claims Payable	0	0	0	0	0	175,434	0	0	0	0	175,434	
Capital Lease Payable	0	0	0	0	0	0	0	0	157,687	0	157,687	
Note Payable	600,000	0	0	310,000	0	0	0	0	0	0	910,000	
Bonds Payable	0	0	0	0	0	0	0	0	18,297,733	0	18,297,733	
Total Liabilities	17,236,017	134,453	1,866,630	1,651,354	140,667	175,434	147,445	0	20,021,359	0	41,373,359	

(Continued)

The accompanying notes are an integral part of these statements.

**Green Local School District
Combined Balance Sheet – All Fund Types and Account Groups
June 30, 2002**

	Governmental Fund Types				Proprietary Fund Types			Fiduciary Fund Types			Account Groups			Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service	Expendable Trust and Agency	General	Fixed Assets	Long-Term Obligations	General		Totals	
											General	Long-Term Obligations		
Fund Equity and Other Credits:														
Investment in General Fixed Assets	0	0	0	0	0	0	0	0	29,249,898	0	0	0	29,249,898	0
Contributed Capital	0	0	0	0	103,559	0	0	0	0	0	0	0	0	103,559
Retained Earnings - Unreserved	0	0	0	0	(5,622)	335,582	0	0	0	0	0	0	0	329,960
Fund Balances														
Reserved for Property Taxes	395,649	0	34,567	48,649	0	0	0	0	0	0	0	0	0	478,865
Reserved for Encumbrances	138,592	32,021	0	26,305	0	0	0	0	0	0	0	0	0	196,918
Reserved for Inventory	26,075	0	0	0	0	0	0	0	0	0	0	0	0	26,075
Reserved for Budget Stabilization	800,030	0	0	0	0	0	0	0	0	0	0	0	0	800,030
Reserved for Textbooks and Materials	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Reserved for Prepaid Items	33,715	0	0	0	0	0	0	0	0	0	0	0	0	33,715
Unreserved - Undesignated (Deficit)	(2,543,186)	242,882	517,686	309,067	0	0	0	9,302	0	0	0	0	(1,464,249)	0
Total Fund Equity (Deficit) and Other Credits	(1,149,125)	274,903	552,253	384,021	97,937	335,582	9,302	29,249,898	0	0	0	0	29,754,771	0
Total Liabilities, Fund Equity and Other Credits	\$16,086,892	\$409,356	\$2,418,883	\$2,035,375	\$238,604	\$511,016	\$156,747	\$29,249,898	\$20,021,359	\$20,021,359	\$20,021,359	\$20,021,359	\$71,128,130	\$71,128,130

The accompanying notes are an integral part of these statements.

**Green Local School District
 Combined Statement of Revenues, Expenditures,
 and Changes in Fund Balances
 All Governmental Fund Types and Similar Trust Funds
 For the Fiscal Year Ended June 30, 2002**

	Governmental Fund Types			Fiduciary	Totals	
	General	Special Revenue	Debt Service	Capital Projects	Fund Type Expendable Trust	(Memorandum Only)
REVENUE:						
Taxes	\$13,403,597	\$0	\$1,595,535	\$1,288,639	\$0	\$16,287,771
Tuition and Fees	78,323	0	0	0	0	78,323
Intergovernmental	11,951,051	780,222	149,796	181,044	0	13,062,113
Interest	134,225	0	0	0	235	134,460
Extracurricular Activities	0	624,595	0	0	0	624,595
Other	49,849	40,787	0	0	6,562	97,198
Classroom Materials & Fees	114,521	1,740	0	0	0	116,261
Total Revenues	25,731,566	1,447,344	1,745,331	1,469,683	6,797	30,400,721
EXPENDITURES:						
Current						
Instruction						
Regular	12,448,509	210,873	0	7,290	2,301	12,668,973
Special	2,591,310	311,975	0	0	6,844	2,910,129
Vocational	383,848	989	0	0	0	384,837
Other	75,626	10,000	0	0	0	85,626
Support Services						
Pupil	1,473,750	445,728	0	12	0	1,919,490
Instructional Staff	1,602,264	68,337	0	0	0	1,670,601
Board of Education	39,428	8,598	0	0	0	48,026
Administration	1,853,913	4,720	280	241,179	0	2,100,092
Fiscal	578,291	0	19,260	27,298	0	624,849
Business	67,710	0	0	0	0	67,710
Operation and Maintenance of Plant	2,554,672	0	0	526,323	8,465	3,089,460
Pupil Transportation	1,043,515	0	0	151,157	0	1,194,672
Central	29,190	0	0	0	0	29,190
Community Services	0	125,190	0	0	2,500	127,690
Extracurricular Activities	552,493	228,458	0	0	0	780,951
Debt Service						
Principal and Interest Retirement	0	0	1,695,390	19,210	0	1,714,600
Building Acquisition and Construction	0	15,000	0	511,583	0	526,583
Capital Outlay	0	0	500	0	0	500
Total Expenditures	25,294,519	1,429,868	1,715,430	1,484,052	20,110	29,943,979
Revenues Over (Under)						
Expenditures	437,047	17,476	29,901	(14,369)	(13,313)	456,742

(Continued)

The accompanying notes are an integral part of these statements.

**Green Local School District
 Combined Statement of Revenues, Expenditures,
 and Changes in Fund Balances
 All Governmental Fund Types and Similar Trust Funds
 For the Fiscal Year Ended June 30, 2002**

	Governmental Fund Types				Fiduciary	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Fund Type Expendable Trust	
OTHER FINANCING SOURCES (USE						
Sale of Assets	2,502	0	0	0	0	2,502
Proceeds From Sale of Notes/Bonds	0	0	0	100,000	0	100,000
Operating Transfers - In	570	5,000	0	0	0	5,570
Operating Transfers - Out	(7,500)	0	0	0	0	(7,500)
Refund of Prior Year's Expense	3,363	1,929	0	0	0	5,292
Refund of Prior Year's Receipts	(122)	(10,140)	0	0	0	(10,262)
Total Other Financing Sources	<u>(1,187)</u>	<u>(3,211)</u>	<u>0</u>	<u>100,000</u>	<u>0</u>	<u>95,602</u>
Total Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	435,860	14,265	29,901	85,631	(13,313)	552,344
Fund Balances (Deficit) at Beginning of Year	(1,583,117)	260,638	522,352	298,390	22,615	(479,122)
Decrease in Reserve for Inventory	(1,868)	0	0	0	0	(1,868)
Fund Balances (Deficit) at End of Year	<u><u>\$(1,149,125)</u></u>	<u><u>\$274,903</u></u>	<u><u>\$552,253</u></u>	<u><u>\$384,021</u></u>	<u><u>\$9,302</u></u>	<u><u>\$71,354</u></u>

The accompanying notes are an integral part of these statements.

Green Local School District
Combined Statement of Revenues, Expenditures, and Changes
In Fund Balances – Budget Basis and Actual
All Governmental Fund Types and Similar Trust Funds
For the Fiscal Year Ended June 30, 2002

	General Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Taxes	\$ 13,530,730	\$ 13,003,598	\$ (527,132)
Tuition and Fees	143,615	80,393	(63,222)
Intergovernmental	11,952,901	11,951,052	(1,849)
Interest	220,000	134,940	(85,060)
Extracurricular Activities	-	-	-
Classroom Materials & Fees	112,315	114,521	2,206
Other	18,150	49,849	31,699
Total Revenues	25,977,711	25,334,353	(643,358)
EXPENDITURES:			
Current			
Instruction			
Regular	12,458,540	12,336,269	122,271
Special	2,585,169	2,547,870	37,299
Vocational	388,382	366,547	21,835
Adult Continuing	-	-	-
Other	78,445	75,263	3,182
Support Services			
Pupil	1,506,367	1,479,655	26,712
Instructional Staff	1,631,621	1,587,192	44,429
Board of Education	45,712	44,083	1,629
Administration	1,907,210	1,858,607	48,603
Fiscal	598,605	576,375	22,230
Business	65,715	64,012	1,703
Operation and Maintenance			
of Plant	2,825,289	2,628,736	196,553
Pupil Transportation	1,069,244	1,062,409	6,835
Central	33,201	30,046	3,155
Community Service Operations	-	-	-
Extracurricular Activities	552,505	551,180	1,325
Building Acquisition and Construction	-	-	-
Debt Service	-	-	-
Principal Retirement and Interest	-	-	-
Total Expenditures	25,746,005	25,208,244	537,761
Revenues Over (Under) Expenditures	231,706	126,109	(105,597)
OTHER FINANCING SOURCES (USES):			
Proceeds of Notes	-	-	-
Proceeds from Sale of Assets	5,176	2,502	(2,674)
Advances - In	-	7,817	7,817
Advances - Out	-	-	-
Refund of Prior Year Expenditures	10,200	3,363	(6,837)
Refund of Prior Year Receipt	(125)	(122)	3
Operating Transfer - In	-	570	570
Operating Transfers - Out	(7,500)	(7,500)	-
Total Other Financing Sources (Uses)	7,751	6,630	(1,121)
Total Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	239,457	132,739	(106,718)
Fund Balances at Beginning of Year	2,267,397	2,267,397	-
Prior Year Encumbrances	188,820	188,820	-
Fund Balance at End of Year	\$ 2,695,674	\$ 2,588,956	\$ (106,718)

(Continued)

The accompanying notes are an integral part of these statements.

Special Revenue Fund			Debt Service Fund		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	-	\$ 1,891,766	\$ 2,293,750	\$ 401,984
-	-	-	-	-	-
900,318	836,637	(63,681)	100,000	149,796	49,796
-	-	-	-	-	-
686,555	624,574	(61,981)	-	-	-
3,580	1,740	(1,840)	-	-	-
38,874	35,653	(3,221)	-	-	-
<u>1,629,327</u>	<u>1,498,604</u>	<u>(130,723)</u>	<u>1,991,766</u>	<u>2,443,546</u>	<u>451,780</u>
296,370	226,727	69,643	-	-	-
452,312	353,975	98,337	-	-	-
1,075	989	86	-	-	-
-	-	-	-	-	-
10,000	10,000	-	-	-	-
-	-	-	-	-	-
518,301	472,657	45,644	-	-	-
109,569	79,963	29,606	-	-	-
-	-	-	-	-	-
5,244	4,902	342	280	280	-
-	-	-	19,264	19,260	4
-	-	-	-	-	-
-	-	-	-	-	-
1,000	-	1,000	-	-	-
-	-	-	-	-	-
142,192	133,597	8,595	-	-	-
241,529	234,940	6,589	-	-	-
32,500	15,000	17,500	500	500	-
-	-	-	2,379,600	2,379,600	-
<u>1,810,092</u>	<u>1,532,750</u>	<u>277,342</u>	<u>2,399,644</u>	<u>2,399,640</u>	<u>4</u>
<u>(180,765)</u>	<u>(34,146)</u>	<u>146,619</u>	<u>(407,878)</u>	<u>43,906</u>	<u>451,784</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	(7,817)	(7,817)	-	-	-
1,929	1,929	-	-	-	-
(10,140)	(10,140)	-	-	-	-
5,500	5,000	(500)	-	-	-
(4)	(4)	-	-	-	-
<u>(2,715)</u>	<u>(11,032)</u>	<u>(8,317)</u>	<u>-</u>	<u>-</u>	<u>-</u>
(183,480)	(45,178)	138,302	(407,878)	43,906	451,784
291,872	291,872	-	473,778	473,778	-
54,551	54,551	-	-	-	-
<u>\$ 162,943</u>	<u>\$ 301,245</u>	<u>\$ 138,302</u>	<u>\$ 65,900</u>	<u>\$ 517,684</u>	<u>\$ 451,784</u>

The accompanying notes are an integral part of these statements.

Green Local School District
Combined Statement of Revenues, Expenditures, and Changes
In Fund Balances – Budget Basis and Actual
All Governmental Fund Types and Similar Trust Funds
For the Fiscal Year Ended June 30, 2002

	Capital Projects Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Taxes	\$ 1,129,932	\$ 1,111,114	\$ (18,818)
Tuition and Fees	-	-	-
Intergovernmental	181,977	181,044	(933)
Interest	-	-	-
Extracurricular Activities	-	-	-
Classroom Materials & Fees	-	-	-
Other	-	-	-
Total Revenues	<u>1,311,909</u>	<u>1,292,158</u>	<u>(19,751)</u>
EXPENDITURES:			
Current			
Instruction			
Regular	13,580	3,094	10,486
Special	-	-	-
Vocational	-	-	-
Adult Continuing	-	-	-
Other	-	-	-
Support Services			
Pupil	-	-	-
Instructional Staff	-	-	-
Board of Education	-	-	-
Administration	349,650	241,179	108,471
Fiscal	33,005	27,298	5,707
Business	-	-	-
Operation and Maintenance of Plant	831,704	519,954	311,750
Pupil Transportation	151,335	151,157	178
Central	-	-	-
Community Service Operations	-	-	-
Extracurricular Activities	-	-	-
Building Acquisition and Construction	523,500	523,335	165
Debt Service	-	-	-
Principal Retirement and Interest	-	-	-
Total Expenditures	<u>1,902,774</u>	<u>1,466,017</u>	<u>436,757</u>
Revenues Over (Under) Expenditures	<u>(590,865)</u>	<u>(173,859)</u>	<u>417,006</u>
OTHER FINANCING SOURCES (USES):			
Proceeds of Notes	150,000	100,000	(50,000)
Proceeds from Sale of Assets	-	-	-
Advances - In	-	-	-
Advances - Out	-	-	-
Refund of Prior Year Expenditures	-	-	-
Refund of Prior Year Receipt	-	-	-
Operating Transfer - In	-	-	-
Operating Transfers - Out	-	-	-
Total Other Financing Sources (Uses)	<u>150,000</u>	<u>100,000</u>	<u>(50,000)</u>
Total Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(440,865)	(73,859)	367,006
Fund Balances at Beginning of Year	87,626	87,626	-
Prior Year Encumbrances	679,724	679,724	-
Fund Balance at End of Year	<u>\$ 326,485</u>	<u>\$ 693,491</u>	<u>\$ 367,006</u>

(Continued)

The accompanying notes are an integral part of these statements.

Expendable Trust Fund			Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -	\$ 16,552,428	\$ 16,408,462	\$ (143,966)
-	-	-	143,615	80,393	(63,222)
-	-	-	13,135,196	13,118,529	(16,667)
595	235	(360)	220,595	135,175	(85,420)
-	-	-	686,555	624,574	(61,981)
-	-	-	115,895	116,261	366
10,115	6,558	(3,557)	67,139	92,060	24,921
<u>10,710</u>	<u>6,793</u>	<u>(3,917)</u>	<u>30,921,423</u>	<u>30,575,454</u>	<u>(345,969)</u>
2,856	2,297	559	12,771,346	12,568,387	202,959
8,000	6,844	1,156	3,045,481	2,908,689	136,792
-	-	-	389,457	367,536	21,921
-	-	-	-	-	-
-	-	-	88,445	85,263	3,182
6	-	6	2,024,674	1,952,312	72,362
-	-	-	1,741,190	1,667,155	74,035
-	-	-	45,712	44,083	1,629
-	-	-	2,262,384	2,104,968	157,416
-	-	-	650,874	622,933	27,941
-	-	-	65,715	64,012	1,703
8,465	8,465	-	3,665,458	3,157,155	508,303
-	-	-	1,221,579	1,213,566	8,013
-	-	-	33,201	30,046	3,155
2,500	2,500	-	144,692	136,097	8,595
-	-	-	794,034	786,120	7,914
-	-	-	556,500	538,835	17,665
-	0	-	2,379,600	2,379,600	-
<u>21,827</u>	<u>20,106</u>	<u>1,721</u>	<u>31,880,342</u>	<u>30,626,757</u>	<u>1,253,585</u>
<u>(11,117)</u>	<u>(13,313)</u>	<u>(2,196)</u>	<u>(958,919)</u>	<u>(51,303)</u>	<u>907,616</u>
-	-	-	150,000	100,000	(50,000)
-	-	-	5,176	2,502	(2,674)
-	-	-	-	7,817	7,817
-	-	-	-	(7,817)	(7,817)
-	-	-	12,129	5,292	(6,837)
-	-	-	(10,265)	(10,262)	3
1,250	-	(1,250)	6,750	5,570	(1,180)
-	-	-	(7,504)	(7,504)	-
<u>1,250</u>	<u>-</u>	<u>(1,250)</u>	<u>156,286</u>	<u>95,598</u>	<u>(60,688)</u>
(9,867)	(13,313)	(3,446)	(802,633)	44,295	846,928
22,618	22,618	-	3,143,291	3,143,291	-
-	-	-	923,095	923,095	-
<u>\$ 12,751</u>	<u>\$ 9,305</u>	<u>\$ (3,446)</u>	<u>\$ 3,263,753</u>	<u>\$ 4,110,681</u>	<u>\$ 846,928</u>

The accompanying notes are an integral part of these statements.

Green Local School District
Combined Statement of Revenues, Expenditures, and Changes in
Retained Earnings – All Proprietary Fund Types
For the Fiscal Year Ended June 30, 2002

	<u>Enterprise</u>	<u>Internal Service</u>	<u>Total (Memorandum Only)</u>
OPERATING REVENUES:			
Sales	\$751,578	\$0	\$751,578
Charges for Services	<u>0</u>	<u>2,451,431</u>	<u>2,451,431</u>
Total Operating Revenues	<u>751,578</u>	<u>2,451,431</u>	<u>3,203,009</u>
OPERATING EXPENSES:			
Salaries and Wages	361,605	4,262	365,867
Fringe Benefits	150,385	0	150,385
Contract Services	19,124	0	19,124
Cost of Sales	565,554	0	565,554
Supplies and Materials	0	8,243	8,243
Depreciation	10,733	0	10,733
Claims	0	2,136,266	2,136,266
Capital Outlay	<u>19,603</u>	<u>0</u>	<u>19,603</u>
Total Operating Expenses	<u>1,127,004</u>	<u>2,148,771</u>	<u>3,275,775</u>
Operating Income (Loss)	<u>(375,426)</u>	<u>302,660</u>	<u>(72,766)</u>
NON-OPERATING REVENUES:			
Investment Income	6,105	781	6,886
Donated Commodities	56,822	0	56,822
Operating Grants	185,030	0	185,030
Refund of Prior Year's Expenditures	0	2,715	2,715
Refund of Prior Year's Receipts	0	0	0
Other	<u>0</u>	<u>61,313</u>	<u>61,313</u>
Total Non-Operating Revenues	<u>247,957</u>	<u>64,809</u>	<u>312,766</u>
Net Income (Loss)	(127,469)	367,469	240,000
Retained Earnings at Beginning of Year	<u>121,847</u>	<u>(31,887)</u>	<u>89,960</u>
Retained Earnings at End of Year	<u><u>\$ (5,622)</u></u>	<u><u>\$335,582</u></u>	<u><u>\$329,960</u></u>

The accompanying notes are an integral part of these statements.

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Green Local School District
Combined Statement of Revenues, Expenditures, and Changes
In Fund Equity – Budget Basis and Actual
All Proprietary Fund Types
For the Fiscal Year Ended June 30, 2002

	Enterprise Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
REVENUES			
Charges for Services	\$ 712,200	\$ 751,578	\$ 39,378
Interest	18,000	6,105	(11,895)
Operating Grants	137,000	162,386	25,386
Total Revenues	867,200	920,069	52,869
EXPENSES:			
Salaries and Wages	351,505	351,503	2
Fringe Benefits	150,395	150,385	10
Contract Services	3,490	3,490	-
Supplies	577,230	577,224	6
Claims	-	-	-
Capital Outlay	34,185	34,182	3
Total Expenses	1,116,805	1,116,784	21
Revenues Over (Under) Expenses	(249,605)	(196,715)	52,890
OTHER FINANCING SOURCES (USES)			
Advances - In	-	-	-
Advances - Out	-	-	-
Refund of Prior Year's Expenditures	-	-	-
Refund of Prior Year's Receipts	-	-	-
Other	25,100	40,834	15,734
Total Other Financing Sources	25,100	40,834	15,734
Total Revenues and Other Financing Sources (Uses) Over (Under) Expenses	(224,505)	(155,881)	68,624
Fund Balances at Beginning of Year	280,279	280,279	-
Prior Year Encumbrances	3,115	3,115	-
Fund Balances at End of Year	\$ 58,889	\$ 127,513	\$ 68,624

The accompanying notes are an integral part of these statements.

Internal Service Fund			Total (Memorandums Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -	\$ 712,200	\$ 751,578	\$ 39,378
-	781	781	18,000	6,886	(11,114)
-	-	-	137,000	162,386	25,386
-	781	781	867,200	920,850	53,650
5,965	4,262	1,703	357,470	355,765	1,705
-	-	-	150,395	150,385	10
2,731,988	2,084,819	647,169	2,735,478	2,088,309	647,169
8,354	8,243	111	585,584	585,467	117
-	-	-	-	-	-
12,605	-	12,605	46,790	34,182	12,608
2,758,912	2,097,324	661,588	3,875,717	3,214,108	661,609
(2,758,912)	(2,096,543)	662,369	(3,008,517)	(2,293,258)	715,259
-	-	-	-	-	-
-	-	-	-	-	-
3,000	2,715	(285)	3,000	2,715	(285)
-	-	-	-	-	-
2,695,645	2,512,813	(182,832)	2,720,745	2,553,647	(167,098)
2,698,645	2,515,528	(183,117)	2,723,745	2,556,362	(167,383)
(60,267)	418,985	479,252	(284,772)	263,104	547,876
82,680	82,680	-	362,959	362,959	-
289	289	-	3,404	3,404	-
<u>\$ 22,702</u>	<u>\$ 501,954</u>	<u>\$ 479,252</u>	<u>\$ 81,591</u>	<u>\$ 629,467</u>	<u>\$ 547,876</u>

**Green Local School District
 Combined Statement of Cash Flows
 All Proprietary Fund Types
 For the Fiscal Year Ended June 30, 2002**

INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS

	Enterprise Fund	Internal Service Fund	Totals (Memorandum Only)
Cash flows from operating activities:			
Operating Income (Loss)	\$ (375,426)	\$ 302,660	\$ (72,766)
Adjustments to reconcile operating income (loss) to net cash provided by (used in) operating activities			
Depreciation	10,733	-	10,733
Donated commodities in cost of sales	44,988	-	44,988
Change in assets and liabilities that increase (decrease) cash flow from operations			
Accounts receivable	(217)	69	(148)
Intergovernmental receivable	(22,645)	-	(22,645)
Accounts payable	14,208	-	14,208
Claims payable	-	60,509	60,509
Accrued wages and benefits	10,986	-	10,986
Compensated absences	(883)	-	(883)
Intergovernmental payable	1,426	-	1,426
Interfund receivable	-	-	-
	(316,830)	363,238	46,408
Net cash provided by (used in) operating activities			
Cash flows from capital and related financing activities:			
Other non-operating revenue	-	64,809	64,809
Cash flows from noncapital financing activities:			
Operating grants received	185,030	-	185,030
Other non-operating revenue	6,105	-	6,105
Net cash provided by noncapital financing activities	191,135	-	191,135
Net increase (decrease) in cash and cash equivalents	(125,695)	428,047	302,352
Cash and cash equivalents - beginning of year	283,394	82,969	366,363
Cash and cash equivalents - end of year	\$ 157,699	\$ 511,016	\$ 668,715
Noncash capital, investing and related financing activities:			
Donated commodities received	\$ 56,822	\$ 0	\$ 56,822

The accompanying notes are an integral part of these statements.

**GREEN LOCAL SCHOOL DISTRICT
SUMMIT COUNTY**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2002

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed in the preparation of these financial statements are summarized below. These policies conform to accounting principles generally accepted in the United States of America (GAAP basis) for local governmental units prescribed in the statements issued by the Governmental Accounting Standards Board and other recognized authoritative sources.

1. *Description of the Entity*

The Green Local School District (the 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 District is a local district as defined by Section 3311.03 of the Ohio Revised Code. The District operates under a five member elected Board of Education and is responsible for the provision of public education to residents of the District.

Average daily membership (ADM) as of October 1, 2001 was 3,914. The District employed 313 certificated employees and 186 non-certificated employees.

The School District adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity," under which the financial statements include all the organizations, activities, functions and component units for which the School District (Primary Government) is financially accountable. Financial accountability is defined as the appointment of a voting majority of the component unit's board, and either (1) the School District's ability to impose its will over the component unit, or (2) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the School District.

On this basis, there were no organizations subject to the School District's financial accountability which required incorporation into the financial statements.

2. *Basis of Presentation - Fund Accounting*

The District uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain District functions or activities.

**GREEN LOCAL SCHOOL DISTRICT
SUMMIT COUNTY**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2002

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

For financial statement reporting purposes, the various funds of the District are grouped into the following generic fund types under the broad fund categories governmental, proprietary, and fiduciary:

Governmental Fund Types:

Governmental funds are those through which most governmental functions of the District are financed. The acquisition, use and balances of the District's expendable financial resources and the related current liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds. The following are the District's governmental fund types:

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

Special Revenue Funds - These funds are established to account for the proceeds of specific revenue sources (other than expendable trusts or major capital projects) that are legally restricted to expenditure for specified purposes.

Debt Service Fund - This fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Capital Projects Funds - These funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds and trust funds).

**GREEN LOCAL SCHOOL DISTRICT
SUMMIT COUNTY**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2002

Proprietary Fund Types:

Proprietary funds are used to account for the District's ongoing activities which are similar to those found in the private sector. The following are the District's proprietary fund types:

Enterprise Funds - These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges or where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Internal Service Funds - These funds account for the financing of services provided by one department or agency to another department or agency of the District on a cost-reimbursement basis.

Fiduciary Fund Types:

Fiduciary funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governmental units and other funds. These include expendable trust and agency funds. Expendable trust funds are accounted for in essentially the same manner as governmental funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Account Groups:

To make a clear distinction between fixed assets related to specific funds and those of general government, and between long-term liabilities related to specific funds and those of a general nature, the following account groups are used:

General Fixed Assets Account Group - This account group is established to account for all fixed assets of the District, other than those accounted for in the proprietary fund types.

General Long-Term Obligations Account Group - This account group is established to account for all long-term obligations of the District except those accounted for in the proprietary fund types.

**GREEN LOCAL SCHOOL DISTRICT
SUMMIT COUNTY**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2002

3. *Measurement Focus and Basis of Accounting*

The accounting and reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types and expendable trust funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the combined balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the combined balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made.

The modified accrual basis of accounting is followed for the governmental, expendable trust and agency funds. Under this basis, revenues are recognized in the accounting period when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. The available period for the District is sixty days after year end. In applying the accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: investment earnings, tuition, grants and entitlements.

The District reports deferred revenues on its combined balance sheet. Deferred revenues arise in the governmental funds when a potential revenue does not meet with the measurable and available criteria for recognition in the current period. In subsequent periods, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Property taxes measurable as of June 30, 2002 and delinquent property taxes, whose availability is indeterminate, and which are intended to finance fiscal year 2003 operations, have been recorded as deferred revenue as more fully described in Note C.

**GREEN LOCAL SCHOOL DISTRICT
SUMMIT COUNTY**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2002

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the fund liability is incurred, if measurable. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year, and the costs of accumulated unpaid vacation and sick leave are reported as fund liabilities in the period in which they will be liquidated with available financial resources rather than in the period earned by employees. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

The accrual basis of accounting is utilized for reporting purposes by the proprietary fund types. Revenues are recognized when they are earned and become measurable, and expenses are recognized when they are incurred, if measurable. Unbilled service charges receivable is recognized as revenue at year end. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities nonoperating revenue.

4. Budgetary Data

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the Tax Budget, the Certificate of Estimated Resources, and the Appropriation Resolution, all of which are prepared on the budgetary basis of accounting. The Certificate of Estimated Resources and the Appropriations Resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. The legal level of budgetary control is at the object level within each function. Any budgetary modification at this level may only be made by resolution of the Board of Education.

Tax Budget:

Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing (or increased) tax rates.

**GREEN LOCAL SCHOOL DISTRICT
SUMMIT COUNTY**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2002

By no later than January 20, the Board-adopted budget is filed with the Summit County Budget Commission for rate determination.

Estimated Resources:

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the Certificate is amended to include any unencumbered cash balances from the preceding year.

The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final Amended Certificate issued during fiscal year 2002.

Appropriations:

By October 1, the annual appropriation resolution must be legally enacted by the Board of Education at the fund, function, and object level of expenditures, which are the legal levels of budgetary control. Prior to the passage of the annual appropriation resolution, the Board may pass a temporary resolution to meet the ordinary expenses of the District. Appropriations by fund must be within the estimated resources as certified by the County Budget Commission, and the total of expenditures and encumbrances may not exceed the appropriation at any level of control. Any revisions that alter the total of any fund appropriation or alter total function appropriations within a fund, or alter object appropriations within functions, must be approved by the Board of Education. The Board may pass supplemental fund appropriations so long as the total appropriations by fund does not exceed the amounts set forth in the most recent Certificate of Estimated Resources. During the year, several supplemental fund appropriations were legally enacted, however, the amount of the increases were not significant. The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all amendments and modifications. Formal budgetary integration is employed as a management control device during the year for all funds, consistent with statutory provisions.

**GREEN LOCAL SCHOOL DISTRICT
SUMMIT COUNTY**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2002

Encumbrances:

As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are encumbered and recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. Prior year encumbrances are reappropriated by the District when current year appropriations are passed by the Board of Education. On the GAAP basis, encumbrances outstanding at year end are reported as a reservation of fund balances for subsequent year expenditures for governmental funds. At year end, the District's transfers in/out did not agree by \$1,934 on a non-GAAP basis. This is a result of a \$1,934 "transfers out" being made from the General Fund to the Agency Fund. Agency fund activity is not disclosed in the financial statements.

Lapsing of Appropriations:

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

Budgetary Basis of Accounting:

While the District is reporting financial position, results of operations, and changes in fund balance on the basis of accounting principles generally accepted in the United States of America (GAAP basis); the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements. The Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget Basis and Actual - All Governmental Fund Types and Similar Trust Funds and the Combined Statement of Revenues, Expenses and Changes in Fund Equity - Budget Basis and Actual - All Proprietary Fund Types are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget and to demonstrate compliance with state statute. The major differences between the budget basis and the GAAP basis are:

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

**GREEN LOCAL SCHOOL DISTRICT
SUMMIT COUNTY**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2002

3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and as note disclosure for proprietary fund types (GAAP basis).
4. For proprietary funds, the acquisition and construction of capital assets are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).

The following tables summarize the adjustments necessary to reconcile the GAAP and budgetary basis statements by fund type:

**Total Revenues and Other Financing Sources
Over (Under) Expenditures and Other Financing Uses
Governmental Fund Types and Similar Trust Funds**

	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust
GAAP Basis	\$ 435,860	\$ 14,265	\$ 29,901	\$ 85,631	\$ (13,313)
Net Adjustment for Revenue					
Accruals	(397,213)	51,260	698,215	(177,525)	0
Net Adjustment for Expenditure					
Accruals	86,275	(102,882)	(684,210)	18,035	0
Advances - In	7,817	0	0	0	0
Advances - Out	0	(7,817)	0	0	0
Other	0	(4)	0	0	0
Budget Basis	<u>\$ 132,739</u>	<u>\$ (45,178)</u>	<u>\$ 43,906</u>	<u>\$ (73,859)</u>	<u>\$ (13,313)</u>

**GREEN LOCAL SCHOOL DISTRICT
SUMMIT COUNTY**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2002

**Net Income (Loss)/Excess Revenue and
Other Financing Sources (Uses) Over (Under) Expenses,
Proprietary Fund Types**

	Enterprise	Internal Service
GAAP Basis	\$(127,469)	\$ 367,469
Net Adjustment for Revenue Accruals	18,193	69
Commodities Received	(56,822)	0
Net Adjustment for Expense Accruals	(45,504)	51,447
Commodities Used	44,988	0
Depreciation	10,733	0
Budget Basis	\$(155,881)	\$ 418,985

5. *Pooled Cash and Investments*

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

During the fiscal year 2002, investments were limited to STAROhio and repurchase agreements.

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as repurchase agreements are reported at cost.

The District has invested funds in the State Treasury Asset Reserve of Ohio (STAROhio) during 2002. 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, 2002.

**GREEN LOCAL SCHOOL DISTRICT
SUMMIT COUNTY**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2002

Legal Requirements:

State statutes require the classification of moneys held by the 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 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 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 deposits 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 accounts, including passbook accounts.

Protection of the District's deposits is provided by the Federal Deposit Insurance Corporation, 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 deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal

**GREEN LOCAL SCHOOL DISTRICT
SUMMIT COUNTY**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2002

government agencies or instrumentalities;

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 two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and
6. The State Treasurer's investment pool (STAROhio).

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 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 investment to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3 "Deposits with Financial Institutions (including Repurchase Agreements), and Reverse Agreements".

Deposits:

At year end, the carrying amount of the District's cash deposits, was \$(163,146) and the bank balance was \$6,673. Of the bank's balance:

1. \$6,673 was covered by the federal depository insurance, by collateral held by the School District, or by collateral held by a qualified third party trustee in the name of the School District.

**GREEN LOCAL SCHOOL DISTRICT
SUMMIT COUNTY**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2002

Statutory provisions require that collateral pledged for deposits be held in trust by an institution other than the pledging bank.

Investments:

The District's investments are required to be categorized to give an indication of the level of risk assumed by the district at year end.

Category 1 includes investments that are insured or registered or for which the securities are held by the District or its agent in the District's name.

Category 2 includes uninsured and unregistered investments which are held by the counterparty's trust department or agent in the District's name.

Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the District's name. STAROhio is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form.

	Category 3	Carrying Value	Fair Value
Repurchase Agreement - U.S. Government Securities	\$ 4,065,000	\$ 4,065,000	\$ 4,065,000
Investment in State Treasurer's Investment Pool (STAROhio)	0	1,305,272	1,305,272
	\$ 4,065,000	\$ 5,370,272	\$ 5,370,272

The classification of cash and cash equivalents and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9. "Reporting Cash Flows of Proprietary and Non-Expendable Trust Funds and Governmental Entities that use Proprietary Fund Accounting."

A reconciliation between the classifications of cash and investments on the financial statements and the classification of deposits and investments presented

**GREEN LOCAL SCHOOL DISTRICT
SUMMIT COUNTY**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2002

above per GASB Statement No. 3 is as follows:

	<u>Cash and Cash Equivalents</u>	<u>Investments</u>
GASB Statement No. 9	\$ 5,207,126	\$ 0
Investments:		
Repurchase Agreement	(4,065,000)	(4,065,000)
STAROhio	<u>(1,305,272)</u>	<u>(1,305,272)</u>
GASB Statement No. 3	<u>\$ (163,146)</u>	<u>\$ 5,370,272</u>

6. *Inventory*

Inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventory in governmental funds consists of expendable supplies held for consumption. The costs of inventory items are recorded as expenditures in the governmental fund types when purchased and as expenses in the proprietary fund types when used. Reported materials and supplies inventory are equally offset by a fund balance reserve in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets. Inventory in the enterprise funds consists of purchased food, donated commodities and school supplies held for resale.

7. *Fixed Assets and Depreciation*

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds and the related assets are reported in the general fixed assets account group. Fixed assets utilized in the proprietary funds are capitalized in the respective fund. All fixed assets are capitalized at cost (or estimated historical cost) and updated for the cost of additions and retirements during the year.

Donated fixed assets are recorded at their fair market values as of the date donated. The District has established a capitalization threshold for fixed assets at \$500. Books, records, movies, and other learning aids kept at the District Library are also included for reporting purposes. The District does not possess any infrastructure.

**GREEN LOCAL SCHOOL DISTRICT
SUMMIT COUNTY**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2002

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable. The District's policy is not to capitalize interest costs incurred as part of construction.

Assets in the general fixed assets account group are not depreciated. Depreciation of furniture and equipment in the proprietary fund types is computed using the straight-line basis over an estimated useful life of five to ten years.

8. *Intergovernmental Revenues*

For governmental funds, intergovernmental revenue, such as grants awarded on a non-reimbursement basis and entitlements, are recorded as receivables and revenues when measurable and available. Reimbursement-type grants are recorded as receivables and revenues when the related expenditures are incurred. Other than commodities, grants and entitlements received for proprietary fund operating purposes are recognized as non-operating revenues in the accounting period in which they are earned and become measurable. The District currently participates in several State and Federal programs, categorized as follows:

Entitlements

General Fund

State Foundation Program

Non-Reimbursable Grants

Special Revenue Funds

Title I

Title VI

Drug Free Schools

Public Preschool

Special Education - Title VI-B - Handicapped Children

Venture Capital Grant

E.M.I.S. Subsidy

Disadvantaged Pupil Impact Aid

Parent Mentorship

Eisenhower Grant

Goals 2002

**GREEN LOCAL SCHOOL DISTRICT
SUMMIT COUNTY**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2002

Reimbursable Grants

General Fund

Driver Education

Proprietary Funds

National School Lunch Program

Government Donated Commodities

Grants and entitlements amounted to approximately 42 percent of the District's operating revenue during the 2002 fiscal year.

9. *Prepaid Items*

Payments made to vendors for services that will benefit periods beyond June 30, 2002 are recorded as prepaid items. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

10. *Short-Term, Interfund Assets/Liabilities*

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds." Short-term interfund loans are classified as interfund receivables/payables.

11. *Compensated Absences*

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

**GREEN LOCAL SCHOOL DISTRICT
SUMMIT COUNTY**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2002

For governmental funds, the District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service. The District records a liability for accumulated unused sick leave for classified employees after one year of current service with the District and for certified employees and administrators after one year of service. The current portion of unpaid compensated absences is the amount expected to be paid using available expendable resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term obligations account group. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

Employees earn vacation at rates specified by Union Contractual Agreement based on credited service. Administrative and 260 day employees are entitled to vacation ranging from 10 to 20 days.

All employees are entitled to a sick leave credit equal to one and one-quarter days for each month of service. This sick leave will either be absorbed by time off due to illness or injury or, within certain limitations, be paid to the employee upon retirement. The amount paid to an employee upon retirement is limited to thirty-three and one-third percent of the value of the first 132 days of sick leave. The total maximum is 44 days. At June 30, 2002, a current liability of \$91,367 and \$21,332 in the general and enterprise funds, respectively, has been provided for earned but unused sick leave severance. Also, the District has recorded an estimated long-term liability of \$1,368,267 for severance pay and sick leave payable. The amount has been recorded in the general long-term obligations account group since the liability will not require the use of current expendable available financial resources. These amounts are included in Compensated Absences on the Combined Balance Sheet.

12. *Contributed Capital*

Contributed capital represents resources from other funds, other governments and private sources provided to enterprise funds and is not subject to repayment. These assets are recorded at their fair market value on the date contributed. Depreciation on those assets acquired or constructed with contributed resources is expensed and closed to unreserved retained earnings at year end.

**GREEN LOCAL SCHOOL DISTRICT
SUMMIT COUNTY**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2002

13. *Long-Term Debt*

Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable, available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the general long-term obligations account group. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

Under Ohio Law, a debt retirement fund must be created and used for the payment of all debt principal and interest. Accounting principles generally accepted in the United States of America require the allocation of the debt liability among the debt service fund and the general long-term obligations account group, with principal and interest payments on matured general long-term debt reported in the debt service fund. To comply with GAAP reporting requirements, the District's debt retirement fund has been split among the appropriate funds and account group. Debt service fund resources used to pay both the principal and interest have also been allocated accordingly.

14. *Interfund Transactions*

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

15. *Fund Equity*

The District records reservations for portions of fund equity which are legally segregated for specific future use or which do not represent available, spendable resources and, therefore, are not available for expenditure. Undesignated fund balance indicates that portion of fund equity which is available for reappropriation in future periods. Fund equity reserves are established for property taxes, encumbrances, inventory, budget stabilization, textbooks and materials and prepaid items.

**GREEN LOCAL SCHOOL DISTRICT
SUMMIT COUNTY**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2002

16. *Proprietary Fund Accounting*

Under the guidelines of GASB Statement No. 20, "Accounting and Financial Reporting and Other Governmental Entities that use Proprietary Fund Accounting", the District has elected not to apply Financial Accounting Standards Board Statements and Interpretations issued after November 30, 1989 to its proprietary activities.

17. *Estimates*

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

18. *Total Columns On General Purpose Financial Statements*

Total columns on the general purpose financial statements are captioned (Memorandum Only) to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with accounting principles generally accepted in the United States of America. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE B - FUND DEFICITS

Fund balances at June 30, 2002 included the following individual fund deficits:

DEFICIT FUND BALANCES	
General Fund	\$ 1,149,125
Special Revenue Funds	
M.I.S.	1,351
Drug Free Schools	208
Title I	2,278
Auxiliary Services	1,385
D.P.I.A.	21

**GREEN LOCAL SCHOOL DISTRICT
SUMMIT COUNTY**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2002

The general fund's deficit balance resulted from adjustments for accrued liabilities. Property tax and State entitlement monies received in July and August are sufficient to cover this deficit and will be used to liquidate these liabilities.

The special revenue deficit fund balances resulted from adjustments for accrued liabilities. The general fund is liable for any deficit in these funds and provides operating transfers when cash is required, not when accruals occur.

NOTE C - PROPERTY TAX

Real property taxes are levied on assessed values which equal 35% of appraised value. The County Fiscal Officer reappraises all real property every six years with a triennial update. The last update was completed for tax year 1999.

Real property taxes become a lien on all non-exempt real property located in the County on January 1. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20 of the following year. Under certain circumstances, state statute permits later payment dates to be established.

The full tax rate applied to real property for tax (calendar) year 2001 was \$41.57 per \$1,000 of assessed valuation. After adjustment of the rate for inflationary increases in property values, the effective tax rate was \$34.98 per \$1,000 of assessed valuation for real property classification as residential/agricultural and \$34.98 per \$1,000 of assessed valuation for all other real property. Real property owners' tax bills are further reduced by homestead and rollback deductions, when applicable. The amount of these homestead and rollback reductions is reimbursed to the District by the State of Ohio.

Owners of tangible personal property are required to file a list of such property including costs, by April 30 of each year. The property is assessed for tax purposes at varying statutory percentages of cost. The tax rate applied to tangible personal property for tax (calendar) year 2002 was \$41.57 per \$1,000 of assessed valuation.

**GREEN LOCAL SCHOOL DISTRICT
SUMMIT COUNTY**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2002

Real Property – 2001 Valuation	
Residential/Agricultural	\$ 362,046,400
Commercial/Industrial	94,156,200
Public Utilities	90
Minerals	220,320
Tangible Personal Property - 2002 Valuation	
General	42,315,629
Public Utilities	13,801,230
	<hr/>
Total Valuation	<u><u>\$ 512,539,869</u></u>

The Summit County Fiscal Officer collects property tax on behalf of all taxing districts within the County. The Summit County Fiscal Officer periodically remits to the taxing districts their portions of the taxes collected.

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable as of June 30, 2002. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2002 and recognized as revenue was \$478,865.

NOTE D – RISK MANAGEMENT

1. *Property Insurance*

The District is exposed to various risks of loss related to torts; theft, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2002, the District contracted with Wausau Insurance for property and inland marine, Nationwide for liability insurance, and Harcum-Hyre Insurance for fleet insurance.

**GREEN LOCAL SCHOOL DISTRICT
SUMMIT COUNTY**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2002

Coverage provided by Wausau, Nationwide, and Harcum-Hyre are as follows:

Building and Contents –	
Replacement cost (\$1,000 deductible)	\$72,012,000
Inland Marine Coverage (\$1,000 deductible)	
Boiler and Machinery (\$1,000 deductible)	
Crime Insurance	1,000
Automobile Liability (\$100 deductible)	1,000,000
Uninsured Motorists (\$100 deductible)	2,000,000
General Liability	
Per Occurrence	2,000,000
Total per year	5,000,000

NOTE D – RISK MANAGEMENT

2. *Medical Self-Insurance*

The District has established a medical self-insurance fund which is accounted for in the internal service fund. The purpose of this fund is to pay medical and dental claims of the District's employees and their covered dependents and minimize the total cost of medical insurance to the District. A third party administrator, Professional Claims Management, Inc. located in Canton, Ohio, reviews and pays all claims. For the plan year ended June 30, 2002, medical claims exceeding \$60,000 per covered individual, per year, or \$940,000 in the aggregate per year are covered through private insurance carriers. The self-insurance fund is funded by expenditures for health insurance out of the general fund and enterprise fund.

The claims liability of \$175,434 reported in the fund at June 30, 2002 is based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for unpaid claims cost, including estimates of cost relating to incurred but not reported claims, be reported. Changes in the fund's claims liability amount in fiscal year 2001 and 2002 were:

	Balance at Beginning of Year	Current Year Claims	Claim Payments	Balance at End of Year
2001	188,813	1,432,336	1,506,224	114,925
2002	114,925	1,789,844	1,729,335	175,434

**GREEN LOCAL SCHOOL DISTRICT
SUMMIT COUNTY**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2002

NOTE E - FIXED ASSETS

A summary of the enterprise funds' fixed assets at June 30, 2002 follows:

Furniture and Equipment	\$	214,484
Less Accumulated Depreciation		(192,705)
Net Fixed Assets	\$	21,779

A summary of the changes in general fixed assets during fiscal year 2002 follows:

	Balance July 1, 2001	Additions	Deletions	Balance June 30, 2002
Land and Buildings	\$ 21,427,481	\$ 0	\$ 0	\$ 21,427,481
Furniture and Equipment	5,304,221	82,697	60,490	5,326,428
Vehicles	1,728,789	0	0	1,728,789
Library Books	767,200	0	0	767,200
Total	\$ 29,227,691	\$ 82,697	\$ 60,490	\$ 29,249,898

As of June 30, 2002, the District had no significant construction in progress. Also, as of June 30, 2002, the District did not acquire any Enterprise assets that required a change to contributed capital.

**GREEN LOCAL SCHOOL DISTRICT
SUMMIT COUNTY**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2002

NOTE F – SHORT-TERM OBLIGATIONS

1. Tax Anticipation Notes

Short-term obligations of the district as of June 30, 2002 are as follows:

	<u>Outstanding July 2001</u>	<u>Additions</u>	<u>Reductions</u>	<u>Outstanding June 30, 2002</u>
Bond Anticipation, Note Series 2001, 4.12%	\$ 465,000	\$ 0	\$ 155,000	\$ 310,000
Tax Anticipation Notes:				
Tax Anticipation Note, Series 2000, 4.38%	800,000	0	200,000	600,000
Tax Anticipation Note, Series 1998, 4.38%	103,334	0	103,334	0
Tax Anticipation Note, Series 1998, 4.38%	103,334	0	103,334	0
Tax Anticipation Note, Series 1998, 4.38%	<u>103,334</u>	<u>0</u>	<u>103,334</u>	<u>0</u>
Total Short-term Obligations	<u>\$ 1,575,002</u>	<u>\$ 0</u>	<u>\$ 665,002</u>	<u>\$ 910,000</u>

The School District issued three tax anticipation notes in anticipation of the collection of the proceeds from the tax levy in excess of the ten-mill limitation. Each note was issued in 1998 for \$310,000. The notes matured, December 31, 2001.

The School District issued five tax anticipation notes in anticipation of the collection of the proceeds from the tax levy excess of the ten mill limitation. Each note was issued in 2000 for \$200,000. The notes mature in five consecutive years ending on December 1, 2004.

The School District issued bond anticipation notes in anticipation of the proceeds from the issuance of bond for the purpose of land acquisition. The notes will

**GREEN LOCAL SCHOOL DISTRICT
SUMMIT COUNTY**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2002

mature serially in substantial equal amounts over a period of years.

NOTE G – LONG TERM OBLIGATIONS

1. Long-term obligations of the District as of June 30, 2002 were as follows:

	<u>Outstanding July 1, 2001</u>	<u>Additions</u>	<u>Reductions</u>	<u>Outstanding June 30, 2002</u>
Intergovernmental Payable	\$ 184,583	\$197,672	\$ 184,583	\$ 197,672
Capital Lease Payable, 14.8%	212,492	0	53,600	157,687
Compensated Absences	1,363,652	4,615	0	1,368,267
Bonds:				
Facilities Improvement Bonds, 1999, 4.9%	17,984,996	0	535,000	17,449,996
Bus Bonds, Series 1996	20,000	0	20,000	0
Bus Bonds, Series 1997	57,144	0	14,286	42,858
Bus Bonds, Series 1999	136,224	0	7,459	128,765
Bus Bonds, Series 2000	143,706	0	6,691	137,015
Bus Bonds, Series 2001	100,000	0	10,000	90,000
Bus Bonds, Series 2002	0	100,000	0	100,000
Energy Conservation Improvement Notes, 1993, 4.75%	186,000	0	91,000	95,000
Energy Conservation Improvement Note, 1995, 5.35%	280,000	0	65,000	215,000
Energy Conservation Note, Series 1999, 4.98%	41,442	0	2,343	39,099
Total Bonds	<u>18,949,512</u>	<u>100,000</u>	<u>751,779</u>	<u>18,297,733</u>
Total Long Term Obligations	<u>\$20,710,239</u>	<u>\$302,287</u>	<u>\$ 989,962</u>	<u>\$20,021,359</u>

**GREEN LOCAL SCHOOL DISTRICT
SUMMIT COUNTY**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2002

Facilities Improvement Bonds

The District issued \$19,500,000 of bonds on April 1, 1994 at 4.9% with a maturity on 2019. These bonds were issued for the construction of a new high school. Improvements were also made to four other school buildings. On April 1, 1999, the District issued \$16,934,996 in General Obligation bonds with interest rates ranging from 3.20% to 5.00% to advance refund a portion of the 1994 series bonds.

School Bus Bonds

The District issued bonds in 1996, 1997, 1999, 2000, 2001 and 2002 for the purchase of buses.

In 1997, the District issued the 1996 A series in the amount of \$100,000. The bonds were issued on February 18, 1997 and matured on February 18, 2002.

In 1997, the District issued the 1997 series in the amount of \$100,000. The bonds were issued on June 25, 1997 and will mature on July 2, 2004.

In 1999, the District issued the 1999 series in the amount of \$150,000. The bonds were issued on June 1, 1999 and will mature on June 1, 2014.

In 2000, the District issued the 2000 series in the amount of \$150,000. The bonds were issued on May 1, 2002 and will mature on May 1, 2015.

In 2001, the District Issued the 2001 series in the amount of \$100,000. The bonds were issued on March 21, 2001 and will mature on March 21, 2011.

In 2002, the District issued the 2002 series in the amount of \$100,000. The bonds were issued on March 25, 2002 and will mature on March 25, 2012.

Energy Conservation Improvement Bonds

The District issued bonds for the purpose of paying costs of installations, modifications, and remodeling of school buildings to conserve energy. The bonds were issued in the following amounts : 1993 Series - \$780,000 with a maturity date of 2003, and 1995 - \$600,000 with a maturity date of 2005, and 1999 series - \$45,800 with a maturity date of 2014.

Intergovernmental payable and the compensated absences will be paid from the

**GREEN LOCAL SCHOOL DISTRICT
SUMMIT COUNTY**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2002

fund from which the employees' salaries are paid.
Principal and interest requirements to retire long-term and short-term obligations outstanding at June 30, 2002 are as follows:

June 30, 2003	\$ 2,080,118
June 30, 2004	2,004,182
June 30, 2005	1,871,837
June 30, 2006	1,615,749
June 30, 2007	1,682,298
June 30, 2008 - 2012	8,763,722
June 30, 2013 - 2017	8,537,745
June 30, 2018 - 2020	5,053,079
	\$ 31,608,730
	\$ 31,608,730

NOTE H - CAPITAL LEASES - LESSEE DISCLOSURE

The District has entered into capitalized leases for computers, wiring and miscellaneous items, for musical instruments, and for a truck. These leases meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments amounted to \$60,333 for the fiscal year ended June 30, 2002. The carrying cost of capital lease assets is \$2,684,520.

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2002.

	Fiscal Year Ending June 30, 2003	\$ 58,384
	2004	42,048
	2005	40,032
	2006	38,016
Total		178,480
Less: Amount Representing Interest		(20,793)
Present Value of Net Minimum Lease Payments		\$ 157,687

**GREEN LOCAL SCHOOL DISTRICT
SUMMIT COUNTY**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2002

NOTE I - STATE SCHOOL FUNDING DECISION

On September 6, 2001 the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision identified aspects of the current plan that require modification if the plan is to be considered constitutional, including.

- A change in the school districts that are used as the basis for determining the base cost support amount. Any change in the amount of funds distributed to school districts as a result of this change must be retroactive to July 1, 2001, although a time line for distribution is not specified.
- Fully funding parity aid no later than the beginning of fiscal year 2004 rather than fiscal year 2006.

The Supreme Court relinquished jurisdiction over the case based on anticipated compliance with its order.

The State of Ohio, in a motion filed September 17, 2001, asked the Court to reconsider and clarify the parts of the decision changing the school districts that are used as the basis for determining the base cost support amount and the requirement that changes be made retroactive to July 1, 2001. November, 2001, the Court granted the request for reconsideration, but also ordered the parties to participate in a settlement conference with a court appointed mediator. On March 21, 2002, the mediator issued his final report indicating that the conference was unable to produce a settlement. The case is now under reconsideration by the Court.

As of the date of these financial statements, the School District is unable to determine what effect, if any, this decision will have on its future State funding and on its financial operations.

NOTE J – DEFINED BENEFIT PENSION PLANS

1. *State Teachers' Retirement System (STRS)*

The District contributes to the State Teachers' Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system administered by the State Teachers' Retirement Board. STRS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3307 of

**GREEN LOCAL SCHOOL DISTRICT
SUMMIT COUNTY**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2002

the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information for STRS.

The report may be obtained by writing to the State Teachers' Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3371.

Plan members are required to contribute 9.3 percent of their annual covered salary and the District is required to contribute 14 percent; 10.5 percent was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2002, 2001, and 2000, were \$1,886,040, \$1,754,616 and \$1,583,424, respectively; 83 percent has been contributed for fiscal year 2002 and 100 percent for the fiscal years 2001 and 2000. \$319,871, representing the unpaid contribution for fiscal year 2002, is recorded as a liability within the respective funds.

2. *School Employees Retirement System (SERS)*

The District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer public employee retirement system administered by the School Employee Retirement Board. SERS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available financial report that includes financial statements and required supplementary information for SERS. The report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Columbus, Ohio 43215-3746.

Plan members are required to contribute 9 percent of their annual covered salary and the District is required to contribute 14 percent; 9.02 percent was the portion used to fund pension obligations. The contribution rates are not determined actuarially, but are established by SERS's Retirement Board within the rates allowed by State statute. The adequacy of the contribution rates is determined annually. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2002, 2001, and 2000, were \$581,784, \$451,093, and \$423,388, respectively; 49 percent has been contributed for fiscal year 2002 and 100 percent for the fiscal years 2001 and 2000. \$296,509, representing the unpaid contribution for fiscal year 2002, is recorded as a liability within the respective funds and the general long-term obligations account group.

**GREEN LOCAL SCHOOL DISTRICT
SUMMIT COUNTY**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2002

3. *Postemployment Benefits*

The District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers' Retirement System (STRS), and to retired non-certified employees and their dependents through the School Employees Retirement System (SERS). Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare premiums. Benefit provisions and the obligations to contribute are established by the Systems based on authority granted by State statute. Both systems are funded on a pay-as-you-go basis.

The State Teachers' Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year end June 30, 2001, the board allocated employer contributions equal to 4.5 percent of covered payroll to the Health Care Reserve Fund.

STRS pays health care benefits from the health care reserve fund. The balance in the fund was \$3.256 billion at June 30, 2001 (latest data available). For the year ended June 30, 2001, net health care costs paid by STRS were \$300,772,000 and STRS had 102,132 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more years of qualifying service credit, disability, and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than twenty-five years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75 percent of the premium.

For this fiscal year, employer contributions to fund health care benefits were 9 percent of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2001, the minimum pay has been established at \$12,400.

The target level for the health care reserve is 150 percent of the annual health care expenses. Expenses for health at June 30, 2001, were \$161.4 million. At June 30, 2001 SERS had net assets available for payment of health care benefits of \$315.7 million. SERS has approximately 50,000 participants currently receiving health care

**GREEN LOCAL SCHOOL DISTRICT
SUMMIT COUNTY**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2002

benefits.

NOTE K - FEDERAL AND STATE GRANTS (Intergovernmental Receipts)

During the year ended June 30, 2002, the District received grants-in-aid from federal and state sources, for specific purposes that are subject to review and audit by the grantor agencies or their designee. Such audits could lead to a request for reimbursement to the grantor agency for expenditures disallowed under terms of the grant. Based on prior experience, the District's management believes such disallowances, if any, would be immaterial.

NOTE L - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The District maintains only one enterprise fund which provides lunchroom/cafeteria services, therefore, segment information for the year ended June 30, 2002 is not presented in these notes.

NOTE M - JOINTLY GOVERNED ORGANIZATION

Northeast Ohio Network for Educational Technology (NEONET):

NEONET is a jointly governed organization created as a regional council of governments made up of public Districts and county boards of education from Summit and Portage Counties. The primary function of NEONET is to provide data processing services to its member districts with the major emphasis being placed on accounting, inventory control and payroll services. Other areas of service provided by NEONET include student scheduling, registration, grade reporting, and test scoring. Each member district pays an annual fee for the services provided by NEONET. NEONET is governed by a board of directors comprised of each Superintendent within the Organization. The Summit County Educational Service Center serves as the fiscal agent of the organization and receives funding from the State Department of Education. Each district has one vote in all matters and each member district's control over budgeting and financing of NEONET is limited to its voting authority and any representation it may have on the board of directors. The continued existence of NEONET is not dependent on the District's continued participation and no equity interest exists.

**GREEN LOCAL SCHOOL DISTRICT
SUMMIT COUNTY**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2002

Interval Opportunity School:

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

NOTE N - INTERFUND RECEIVABLES/PAYABLES

There were no Interfund Receivables and Payables of the District as of June 30, 2002.

NOTE O - OTHER REQUIRED FUND DISCLOSURES

A. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents set aside to establish a budget stabilization and textbook and material reserve. The District is required by law to maintain the textbook reserve and the material reserve. A fund balance reserve has also been established

B. Set-Aside Requirements

State of Ohio House Bill 412 requires the District to set-aside a portion of the general operating resources for future use. For the fiscal year ended June 30, 2002, the following table disclosed the required set-asides:

**GREEN LOCAL SCHOOL DISTRICT
SUMMIT COUNTY**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2002

	Textbooks	Capital Acquisition	Budget Stabilization	Totals
Set-aside Cash Balance as of June 30, 2001	\$ 57	\$ 0	\$ 704,751	\$ 704,808
Current Year Set-aside Requirement	480,018	480,018	95,279	1,055,315
Current Year Offsets/Adjustments	0	0	0	0
Qualifying Disbursements	(558,991)	(1,823,249)	0	(2,382,240)
Total	\$ (78,916)	\$ (1,343,231)	\$ 800,030	
Cash Balance Carried Forward to FY 2003	\$ 0	\$ 0	\$ 800,030	
Total Restricted Assets				\$ 800,030

The District had offsets and qualifying disbursements during the year that reduced the set-aside amounts to zero, effective in the current fiscal year these extra amounts may not be used to reduce the set-aside requirements of future year.

NOTE P – RESTATEMENT OF PRIOR YEAR FUND BALANCE

At June 30, 2001, a fund reclassification decreased expendable trust fund from \$24,675 to \$22,615.

NOTE Q – CONTINGENCIES

1. *Litigation*

The School District is party to legal proceedings. The School District is of the opinion that ultimate disposition of claims will not have a material effect, if any, on the financial condition of the School District.

**GREEN LOCAL SCHOOL DISTRICT
SUMMIT COUNTY**

**SCHEDULE OF FEDERAL AWARDS, RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2002**

Federal Grantor/Pass Through Grantor/Program Title	Federal CFDA Number	Pass-Through Entity Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
U.S. Department of Education						
(Passed through the Ohio Department of Education)						
Special Education Cluster:						
Title VI-B	84.027	050013 6B-SF	\$304,144	\$ 0	\$333,252	\$ 0
Special Education Preschool Grants	84.173	050013 PG-S1	11,235	0	8,394	0
Total Special Education Cluster			<u>315,379</u>	<u>0</u>	<u>341,646</u>	<u>0</u>
Title I Grants to Local Educational Agencies	84.010	050013 C1-S1	144,613	0	148,870	0
Innovative Education Program Strategies	84.298	050013 C2-S1	21,343	0	22,690	0
Safe and Drug Free Schools and Communities State Grants	84.186	050013 DR-S1	16,195	0	15,414	0
Eisenhower Grant	84.164	050013 MS-S1	17,269	0	15,202	0
Teacher Mini Grant Continuous Improvement Grant	84.276	050013 FL-S1	3,689	0	3,938	0
Title VI-R	84.340	N/A	51,556	0	41,557	0
Total U.S. Department of Education			<u>570,044</u>	<u>0</u>	<u>589,317</u>	<u>0</u>
U.S. Department of Agriculture						
(Passed through the Ohio Department of Education)						
Child Nutrition Cluster:						
Food Distribution Program	10.550	N/A (A)	0	17,752	0	12,659
National School Lunch Program	10.555	N/A (B)	157,143	0	157,143	0
Total U.S. Department of Agriculture			<u>157,143</u>	<u>17,752</u>	<u>157,143</u>	<u>12,659</u>
Totals			<u>\$727,187</u>	<u>\$17,752</u>	<u>\$746,460</u>	<u>\$12,659</u>

(A) Valued at fair market value less cost to the school district.

(B) Commingled with state and local funds. Assumed expended on a first-in, first-out basis.

This schedule is prepared on the cash basis of accounting.

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**Independent Auditors' Report on Compliance and on Internal Control Over
Financial Reporting Based on an Audit of General Purpose Financial Statements
Performed in Accordance with Government Auditing Standards**

To the Board of Education
Green Local School District
Green, Ohio 44232

We have audited the general purpose financial statements of the Green Local School District (the District), as of and for the year ended June 30, 2002 and have issued our report thereon dated November 1, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audit contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Green Local School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Green Local School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the

normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

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

Moore Stephens Apple

Akron, Ohio
November 1, 2002

**Independent Auditors' Report on Compliance with Requirements
Applicable to Each Major Program and Internal Control Over
Compliance in Accordance with OMB Circular A-133**

To the Board of Education
Green Local School District
Green, OH 44232

Compliance

We have audited the compliance of Green Local 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, 2002. Green Local School District's major federal programs are identified in the summary of auditors' 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 Green Local School District's management. Our responsibility is to express an opinion on Green Local 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, auditing standards; 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 Green Local 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 Green Local School District's compliance with those requirements.

In our opinion, Green Local 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, 2002.

Internal Control Over Compliance

The management of Green Local 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 Green Local 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.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions.

We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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

Moore Stephens Apple

Akron, Ohio
November 1, 2002

Green Local School District - Summit County
Schedule of Findings and Questioned Costs

June 30, 2002

1. Summary of Auditors' Results

Unqualified opinion was issued on the financial statements.

Material control weaknesses of the financial statement level – none.

Other reportable control weaknesses at the financial statement level - none.

There was no material non-compliance at the financial statement level.

Reportable control weaknesses for major federal programs – none noted.

For those items tested, there was no material non-compliance for major federal programs.

Unqualified opinion was issued on major programs compliance.

The audit disclosed no findings under OMB Circular A-133.

The District's major program tested was the Special Education Cluster: Title VI-B-CFDA#84.027 and Special Education Preschool Grantor CFDA #84.173.

The dollar threshold used for Type A Programs was \$300,000 and Type B programs were all other programs.

The Auditee was low risk.

- 2, There were no audit findings or questioned costs for federal awards during the year ended June 30, 2002.
3. There were no audit findings related to the financial statements that are required to be reported in accordance with Government Auditing Standards for the year ended June 30, 2002.

Green Local School District - Summit County

Schedule of Prior Audit Findings

June 30, 2002

The prior audit report of the Green Local School District, issued as of June 30, 2001, included no citations and no recommendations.



**Auditor of State
Betty Montgomery**

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GREEN LOCAL SCHOOL DISTRICT

SUMMIT COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 27, 2003**