



Balestra, Harr & Scherer, CPAs, Inc.

Accounting, Auditing and Consulting Services for Federal, State and Local Governments

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Green Local School District
Scioto County

Single Audit

For the Year Ended June 30, 2013
Fiscal Year Audited Under GAGAS: 2013



Dave Yost • Auditor of State

Board of Education
Green Local School District
4070 Gallia Pike
Franklin Furnace, Ohio 45629

We have reviewed the *Independent Auditor's Report* of the Green Local School District, Scioto County, prepared by Balestra, Harr & Scherer, CPAs, Inc., for the audit period July 1, 2012 through June 30, 2013. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

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

Dave Yost
Auditor of State

March 24, 2014

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Green Local School District
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For the Fiscal Year Ended June 30, 2013

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Independent Auditor's Report

Members of the Board of Education
Green Local School District
4070 Gallia Pike
Franklin Furnace, OH 45629

Report on the Financial Statements

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

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

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

Emphasis of Matter

As discussed in Note 21 to the financial statements, during the year ended June 30, 2013, the School District adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

The Schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected the Schedule to the auditing procedures we applied to the basic financial statements.

We also applied certain additional procedures, including comparing and reconciling the Schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated January 28, 2014, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and on compliance, and the results of that testing and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.

Balestra, Harr & Scherer, CPAs

Balestra, Harr & Scherer, CPAs, Inc.
Piketon, Ohio
January 28, 2014

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

MANAGEMENT'S DISCUSSION AND ANALYSIS

The Green Local School District (the "School District") discussion and analysis of the annual financial report provides a review of the financial performance for the fiscal year ended June 30, 2013. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

FINANCIAL HIGHLIGHTS

- The School District's assets exceeded its liabilities and deferred inflows of resources at June 30, 2013 by \$2,766,133. The School District's net position of governmental activities increased \$233,083.
- General revenues accounted for \$5,534,965 in revenue or 73 percent of all revenues. Program specific revenues in the form of charges for services and sales and operating grants and contributions accounted for \$2,076,712 or 27 percent of total revenues of \$7,611,677.
- The School District had \$7,378,594 in expenses related to governmental activities; \$2,076,712 of these expenses was offset by program specific charges for services and sales and operating grants and contributions.
- Governmental funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$7,586,174, and expenditures of \$7,610,405.

USING THIS ANNUAL FINANCIAL REPORT

This annual report consists of a series of financial statements. These statements are presented so that the reader can understand the Green Local School District's financial situation as a whole and also give a detailed view of the School District's financial activities.

The Statement of Net Position and Statement of Activities provide information about the activities of the School District as a whole and present a longer-term view of the School District's finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as the amount of funds available for future spending. The fund financial statements also look at the School District's most significant funds with all other non-major funds presented in total in one column.

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

REPORTING THE SCHOOL DISTRICT AS A WHOLE

The analysis of the School District as a whole begins with the Statement of Net Position and the Statement of Activities. These statements provide information that will help the reader to determine whether the School District is financially improving or declining as a result of the year's financial activities. These statements include all assets, liabilities and deferred inflows of resources using the accrual basis of accounting similar to the accounting used by private sector companies. All current year revenues and expenses are taken into account regardless of when cash is received or paid.

These two statements report the School District's net position and changes to that position. This change informs the reader whether the School District's financial position, as a whole, has improved or diminished. In evaluating the overall financial health, the user of these financial statements needs to take into account non-financial factors that also impact the School District's financial well-being. Some of these factors include the condition of capital assets, and required educational support services to be provided.

In the Statement of Net Position and the Statement of Activities, the School District has only one kind of activity.

- **Governmental Activities.** Most of the School District's programs and services are reported here including instruction and support services.

REPORTING THE SCHOOL DISTRICT'S MOST SIGNIFICANT FUNDS

Fund Financial Statements

The analysis of the School District's funds begins on page 8. Fund financial statements provide detailed information about the School District's major fund – not the School District as a whole. Some funds are required by State law and bond covenants. Other funds may be established by the Treasurer with approval from the Board to help control, manage and report money received for a particular purpose or to show that the School District is meeting legal responsibilities for use of grants. The School District's only major fund is the General Fund.

Governmental Funds

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

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds, and agency funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District's fiduciary funds consist of a private purpose trust fund and an agency fund which are used to maintain financial activity of the School District's college scholarship donations and student managed activities. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. In accordance with GASB 34, fiduciary funds are not included in the government-wide statements.

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

THE SCHOOL DISTRICT AS A WHOLE

As stated previously, the Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position for 2013 compared to 2012.

Table 1
 Net Position
 Governmental Activities

	2013	2012*
Assets:		
Current and Other Assets	\$ 3,536,750	\$ 3,183,432
Capital Assets, Net	1,886,007	1,777,373
Total Assets	5,422,757	4,960,805
Liabilities:		
Current and Other Liabilities	732,325	657,732
Long-Term Liabilities	449,807	572,984
Total Liabilities	1,182,132	1,230,716
Deferred Inflows of Resources:		
Property Taxes not Levied to Finance Current Year Operations	1,474,492	1,197,039
Net Position:		
Net Investment in Capital Assets	1,688,066	1,560,904
Restricted	174,562	319,091
Unrestricted	903,505	653,055
Total Net Position	\$ 2,766,133	\$ 2,533,050

* As restated, see Note 21 for additional information. Certain reclassifications were made to 2012 amounts to conform to current year reporting.

Total net position of the School District as a whole increased \$233,083. Current and other assets increased \$353,318, primarily due to an increase in taxes and intergovernmental receivable, which was partially offset by a decrease in cash on hand as of June 30, 2013. Capital assets, net increased \$108,634, due primarily to current year additions, which was partially offset by current year depreciation. Long-Term liabilities decreased \$123,177 due to the principle repayment on notes and capital leases and a decrease in compensated absences payable. Current and Other Liabilities increased \$74,593 due primarily to an increase in contracts payable.

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

Table 2 shows the changes in net position for the fiscal years ended June 30, 2013 and 2012.

Table 2
Change in Net Position
Governmental Activities

	<u>2013</u>	<u>2012*</u>
Revenues		
Program Revenues:		
Charges for Services and Sales	\$ 570,947	\$ 621,697
Operating Grants and Contributions	1,505,765	1,670,890
Total Program Revenues	<u>2,076,712</u>	<u>2,292,587</u>
General Revenues:		
Grants and Entitlements, Not Restricted to Specific Programs	3,597,009	3,625,732
Gifts and Donations, Not Restricted to Specific Programs	5,300	34,327
Investment Earnings	219	31
Payments in Lieu of Taxes	105,216	105,375
Miscellaneous	229,584	182,746
Property Taxes	1,597,637	1,313,355
Total General Revenues	<u>5,534,965</u>	<u>5,261,566</u>
Total Revenues	7,611,677	7,554,153
Program Expenses		
Instruction		
Regular	2,351,463	2,291,460
Special	661,068	630,105
Vocational	17,713	8,099
Other	1,234,249	1,075,651
Support Services		
Pupils	338,195	382,443
Instructional Staff	446,365	413,068
Board of Education	186,933	44,658
Administration	544,268	545,186
Fiscal	266,278	259,414
Operation and Maintenance of Plant	503,311	474,198
Pupil Transportation	489,735	468,206
Operation of Non-Instructional Services	229,283	242,134
Extracurricular Activities	103,883	112,841
Interest and Fiscal Charges	5,850	8,149
Total Expenses	<u>7,378,594</u>	<u>6,955,612</u>
Net Position at Beginning of Year	2,533,050	1,934,509
Increase in Net Position	233,083	598,541
Net Position at End of Year	<u>\$ 2,766,133</u>	<u>\$ 2,533,050</u>

* As restated, see Note 21 for additional information. Certain reclassifications were made to 2012 amounts to conform to current year reporting.

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

Governmental Activities

Charges for services and sales decreased due to decreased tuition and fees and rental income, which were partially offset by increases in extracurricular activities. Operating grants and contributions decreased due decreases in the Education Jobs grants program, which were partially offset by the School Improvement Grant program. Property taxes increased due to increased collections.

The increase in other instruction expenditures was increased student intervention services provided by the School District. Board of Education expenditures increased as a result of increased legal fees.

Grants and entitlements, not restricted to specific programs comprised 47 percent of revenue for governmental activities, while property taxes comprised 21 percent. Charges for services and sales comprised 8 percent of revenue for governmental activities, while operating grants and contributions comprised 20 percent of revenue for governmental activities of the School District for fiscal year 2013.

As indicated by governmental program expenses, instruction is emphasized. Regular Instruction comprised 32 percent of governmental program expenses with Special Instruction and Other Instruction comprising 9 and 17 percent, respectively of governmental expenses.

The Statement of Activities shows the cost of program services and the charges for services, sales and grants offsetting those services. Table 3 shows, for governmental activities, the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by unrestricted State entitlements and other general revenues.

Table 3
 Total and Net Cost of Program Services
 Governmental Activities

	2013		2012*	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Instruction	\$ 4,264,493	\$ 3,057,980	\$ 4,005,315	\$ 2,572,891
Support Services	2,775,085	2,307,289	2,587,173	2,124,902
Operation of Non-Instructional Services	229,283	(71,686)	242,134	(45,303)
Extracurricular Activities	103,883	2,908	112,841	3,165
Interest and Fiscal Charges	5,850	5,391	8,149	7,370
Total Expenses	\$ 7,378,594	\$ 5,301,882	\$ 6,955,612	\$ 4,663,025

* Certain reclassifications were made to 2012 amounts to conform to current year reporting.

THE SCHOOL DISTRICT'S FUNDS

The fund balance of the General fund decreased in the amount of \$101,018. The decrease is due to expenditures exceeding revenues for fiscal year 2013.

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

General Fund Budgeting Highlights

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

During 2013, there were revisions to the General fund budget. These revisions increased appropriations by \$504,873. These revisions were due to increases to other instruction, operation and maintenance of plant, and capital outlay expenditures. The Treasurer has been given the authority by the Board of Education to make line item adjustments within the budget. Actual total revenues and other sources were \$402,156 above the original and final budget of \$5,857,466. This increase is due to higher than expected intergovernmental and property tax revenue. The General fund's ending unobligated cash balance was \$818,815.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2013, the School District had \$1,886,007 invested in its capital assets. Table 4 shows the fiscal year 2013 balances compared to 2012.

Table 4
 Capital Assets
 (Net of Accumulated Depreciation)

Governmental Activities		
	2013	2012*
Land and Land Improvements	\$ 193,800	\$ 200,648
Buildings and Improvements	1,134,149	1,067,899
Furniture and Equipment	478,384	410,490
Vehicles	37,980	55,978
Textbooks	41,694	42,358
Totals	\$ 1,886,007	\$ 1,777,373

* As restated, see Note 21 for additional information.

Changes in capital assets from the prior year resulted from the additions of buildings and improvements, furniture, fixtures and equipment, and depreciation expense. See Note 8 to the basic financial statements for more detailed information related to capital assets.

Debt

At June 30, 2013, the School District had an outstanding capital lease in the amount of \$29,792 and energy conservation notes in the amount of \$112,574. See Note 13 to the basic financial statements for more detailed information related to leases and other long-term obligations.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, creditors, and investors with a general overview of the School District's financial condition and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Brodie Merrill, Treasurer, Green Local School District, 4070 Gallia Pike, Franklin Furnace, Ohio 45629.

Green Local School District
Statement of Net Position
June 30, 2013

	Governmental Activities
ASSETS:	
Current Assets:	
Equity in Pooled Cash and Cash Equivalents	\$ 1,403,110
Accounts Receivable	160
Intergovernmental Receivable	292,023
Taxes Receivable	1,841,457
Noncurrent Assets:	
Non-Depreciable Capital Assets	72,079
Depreciable Capital Assets, net	1,813,928
<i>Total Assets</i>	5,422,757
LIABILITIES:	
Current Liabilities:	
Accounts Payable	97,580
Accrued Wages and Benefits	432,113
Contracts Payable	55,575
Intergovernmental Payable	137,304
Matured Compensated Absences Payable	9,753
Noncurrent Liabilities:	
Long-Term Liabilities:	
Due Within One Year	140,012
Due in More Than One Year	309,795
<i>Total Liabilities</i>	1,182,132
DEFERRED INFLOWS OF RESOURCES:	
Property Taxes not Levied to Finance Current Year Operations	1,474,492
NET POSITION:	
Net Investment in Capital Assets	1,688,066
Restricted for Other Purposes	117,600
Restricted for Set Asides	56,962
Unrestricted	903,505
<i>Total Net Position</i>	\$ 2,766,133

The notes to the basic financial statements are an integral part of this statement.

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

	Expenses	Program Revenues		Net (Expense)
		Charges for Services and Sales	Operating Grants and Contributions	Revenue and Changes in Net Position
				Governmental Activities
Governmental Activities:				
Instruction:				
Regular	\$ 2,351,463	\$ 170,486	\$ 90,085	\$ (2,090,892)
Special	661,068	24,169	527,568	(109,331)
Vocational	17,713	2,136	24,455	8,878
Other	1,234,249	74,204	293,410	(866,635)
Support Services:				
Pupils	338,195	26,386	1,867	(309,942)
Instructional Staff	446,365	23,854	140,343	(282,168)
Board of Education	186,933	14,667	-	(172,266)
Administration	544,268	36,935	70,979	(436,354)
Fiscal	266,278	18,765	26,737	(220,776)
Operation and Maintenance of Plant	503,311	43,747	5,771	(453,793)
Pupil Transportation	489,735	35,103	22,642	(431,990)
Operation of Non-Instructional Services	229,283	46,655	254,314	71,686
Extracurricular Activities	103,883	53,381	47,594	(2,908)
Interest and Fiscal Charges	5,850	459	-	(5,391)
Total Governmental Activities	\$ 7,378,594	\$ 570,947	\$ 1,505,765	(\$5,301,882)
General Revenues:				
Property Taxes Levied for:				
General Purposes				1,597,637
Grants and Entitlements not Restricted to Specific Programs				3,597,009
Gifts and Donations not Restricted to Specific Programs				5,300
Investment Earnings				219
Payments in Lieu of Taxes				105,216
Miscellaneous				229,584
Total General Revenues				5,534,965
Change in Net Position				233,083
Net Position Beginning of Year - As Restated, See Note 21				2,533,050
Net Position End of Year				\$ 2,766,133

The notes to the basic financial statements are an integral part of this statement.

Green Local School District
Balance Sheet
Governmental Funds
June 30, 2013

	<u>General Fund</u>	<u>All Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS:			
Equity in Pooled Cash and Cash Equivalents	\$ 1,215,694	\$ 130,454	\$ 1,346,148
Accounts Receivable	160	-	160
Interfund Receivable	28,477	-	28,477
Intergovernmental Receivable	89,818	202,205	292,023
Taxes Receivable	1,841,457	-	1,841,457
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	<u>56,962</u>	<u>-</u>	<u>56,962</u>
<i>Total Assets</i>	<u>\$ 3,232,568</u>	<u>\$ 332,659</u>	<u>\$ 3,565,227</u>
LIABILITIES:			
Accounts Payable	\$ 93,377	\$ 4,203	\$ 97,580
Accrued Wages and Benefits	342,740	89,373	432,113
Contracts Payable	55,575	-	55,575
Interfund Payable	-	28,477	28,477
Intergovernmental Payable	116,186	21,118	137,304
Matured Compensated Absences Payable	<u>9,753</u>	<u>-</u>	<u>9,753</u>
<i>Total Liabilities</i>	<u>617,631</u>	<u>143,171</u>	<u>760,802</u>
DEFERRED INFLOWS OF RESOURCES:			
Property Taxes not Levied to Finance Current Year Operations	1,474,492	-	1,474,492
Unavailable Revenue - Delinquent Taxes	<u>255,790</u>	<u>-</u>	<u>255,790</u>
<i>Total Deferred Inflows of Resources</i>	<u>1,730,282</u>	<u>-</u>	<u>1,730,282</u>
FUND BALANCES:			
Restricted	56,962	192,036	248,998
Committed	75,030	-	75,030
Assigned	349,224	-	349,224
Unassigned	<u>403,439</u>	<u>(2,548)</u>	<u>400,891</u>
<i>Total Fund Balances</i>	<u>884,655</u>	<u>189,488</u>	<u>1,074,143</u>
<i>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</i>	<u>\$ 3,232,568</u>	<u>\$ 332,659</u>	<u>\$ 3,565,227</u>

The notes to the basic financial statements are an integral part of this statement.

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

Total Governmental Fund Balances		\$1,074,143
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		1,886,007
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.		
Taxes	255,790	
Total		255,790
Long-term liabilities, including capitalized leases, energy conservation notes, and the long-term portion of compensated absences are not due and payable in the current period and therefore are not reported in the funds.		
Compensated Absences	(307,441)	
Energy Conservation Notes	(112,574)	
Capital Lease Obligations	(29,792)	
Total		(449,807)
Net Position of Governmental Activities		\$ 2,766,133

The notes to the basic financial statements are an integral part of this statement.

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

	<u>General Fund</u>	<u>All Other Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES:			
Property Taxes	\$ 1,561,204	\$ -	\$ 1,561,204
Intergovernmental	3,800,219	1,309,667	5,109,886
Interest	219	-	219
Tuition and Fees	431,370	-	431,370
Rent	12,075	-	12,075
Extracurricular Activities	34,733	46,433	81,166
Gifts and Donations	5,300	3,818	9,118
Customer Sales and Services	-	46,336	46,336
Payments in Lieu of Taxes	105,216	-	105,216
Miscellaneous	228,548	1,036	229,584
<i>Total Revenues</i>	<u>6,178,884</u>	<u>1,407,290</u>	<u>7,586,174</u>
EXPENDITURES:			
Current:			
Instruction:			
Regular	2,185,382	101,990	2,287,372
Special	307,715	352,812	660,527
Vocational	27,219	-	27,219
Other	945,751	298,765	1,244,516
Support Services:			
Pupils	351,674	1,894	353,568
Instructional Staff	303,975	141,834	445,809
Board of Education	186,933	-	186,933
Administration	463,543	71,988	535,531
Fiscal	252,577	27,117	279,694
Operation and Maintenance of Plant	563,059	5,853	568,912
Pupil Transportation	447,846	22,964	470,810
Operation of Non-Instructional Services	4,069	257,015	261,084
Extracurricular Activities	88,557	48,271	136,828
Capital Outlay	71,649	-	71,649
Debt Service:			
Principal	74,103	-	74,103
Interest	5,850	-	5,850
<i>Total Expenditures</i>	<u>6,279,902</u>	<u>1,330,503</u>	<u>7,610,405</u>
<i>Net Change in Fund Balances</i>	(101,018)	76,787	(24,231)
<i>Fund Balance at Beginning of Year</i>	<u>985,673</u>	<u>112,701</u>	<u>1,098,374</u>
<i>Fund Balance at End of Year</i>	<u>\$ 884,655</u>	<u>\$ 189,488</u>	<u>\$ 1,074,143</u>

The notes to the basic financial statements are an integral part of this statement.

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

Net Change in Fund Balances - Total Governmental Funds (\$24,231)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlays as expenditures. However in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital asset additions exceeded depreciation in the current period.

Capital Asset Additions	267,110	
Current Year Depreciation	(158,476)	
Total	108,634	108,634

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Taxes	36,433	
Intergovernmental	(10,930)	
Total	25,503	25,503

Repayment of energy conservation notes are expenditures in the governmental funds, but the repayment reduces liabilities in the statement of net position and does not result in an expense in the statement of activities.

35,644

Repayment of capital leases obligations are expenditures in the governmental funds, but the repayment reduces liabilities in the statement of net position and does not result in an expense in the statement of activities.

38,459

Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Decrease in Compensated Absences	49,074	
Total	49,074	49,074

Net Change in Net Position of Governmental Activities \$233,083

The notes to the basic financial statements are an integral part of this statement.

Green Local School District
Statement of Revenues, Expenditures and Changes
In Fund Balance - Budget and Actual
(Budgetary Basis)
General Fund
For the Fiscal Year Ended June 30, 2013

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget: Positive (Negative)</u>
	<u>Original Budget</u>	<u>Final Budget</u>		
Total Revenues and Other Sources	\$ 5,857,466	\$ 5,857,466	\$ 6,259,622	\$ 402,156
Total Expenditures and Other Uses	<u>6,190,900</u>	<u>6,695,773</u>	<u>6,695,773</u>	<u>-</u>
Net Change in Fund Balance	(333,434)	(838,307)	(436,151)	402,156
Fund Balance, July 1, 2012	891,064	891,064	891,064	-
Prior Year Encumbrances Appropriated	<u>363,902</u>	<u>363,902</u>	<u>363,902</u>	<u>-</u>
Fund Balance, June 30, 2013	<u>\$ 921,532</u>	<u>\$ 416,659</u>	<u>\$ 818,815</u>	<u>\$ 402,156</u>

The notes to the basic financial statements are an integral part of this statement.

Green Local School District
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2013

	<u>Private Purpose Trust Fund</u>	<u>Agency Fund</u>
ASSETS:		
Equity in Pooled Cash and Cash Equivalents	<u>\$ 9,000</u>	<u>\$ 9,987</u>
LIABILITIES:		
Undistributed Monies	<u>-</u>	<u>\$ 9,987</u>
NET POSITION:		
Held in Trust for Scholarships	<u>9,000</u>	
<i>Total Net Position</i>	<u>\$ 9,000</u>	

The notes to the basic financial statements are an integral part of this statement.

Green Local School District
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the Fiscal Year Ended June 30, 2013

	<u>Private Purpose Trust Fund</u>
ADDITIONS:	
Gifts and Contributions	<u>\$ 7,500</u>
<i>Total Additions</i>	7,500
DEDUCTIONS:	
Payments in Accordance with Trust Agreements	<u>3,000</u>
Change in Net Position	4,500
<i>Net Position Beginning of Year</i>	<u>4,500</u>
<i>Net Position End of Year</i>	<u><u>\$ 9,000</u></u>

The notes to the basic financial statements are an integral part of this statement.

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

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Green Local School District (the "School District") is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The School District operates under a locally-elected Board form of government consisting of five members elected at-large for staggered four-year terms. The School District provides educational services as authorized by state statute and/or federal guidelines.

The School District was established in 1926 through the consolidation of existing land areas and school districts. The School District serves an area of approximately 36 square miles. It is located in Scioto County, and includes all of Green Township. It is staffed by 27 non-certificated employees and 48 certificated full-time teaching personnel and 5 administrative employees who provide services to 605 students and other community members. The School District currently operates three instructional buildings, one administrative building, and one maintenance building.

Reporting Entity:

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

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

The following organizations which perform activities within the School District's boundaries for the benefit of its residents are excluded from the accompanying financial statements because the School District is not financially accountable for these organizations nor are they fiscally dependent on the School District:

- * Boosters Clubs
- * Parent Teacher Organizations

The School District is associated with four organizations, three of which are defined as jointly governed organizations and one as a public entity shared risk pool. These organizations are the South Central Ohio Computer Association Council of Governments (SCOCA COG), the Scioto County Career Technical Center, the Coalition of Rural and Appalachian Schools, and the Scioto County Regional Council of Governments. These organizations are presented in Notes 14 and 15 to the basic financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Green Local School District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The most significant of the School District's accounting policies are described below.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. Basis Of Presentation - Fund Accounting

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

Government-wide Financial Statements:

The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

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

Fund Financial Statements:

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

B. Fund Accounting

The School District's accounts are maintained on the basis of funds, each of which is considered a separate accounting entity. Fund accounting is designed to demonstrate legal compliance and to aid management by segregating transactions related to specific School District functions or activities. The operation of each fund is accounted for within a separate set of self-balancing accounts.

Governmental Funds

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

General Fund

The General Fund is the general operating fund of the School District and is used to account for all financial resources not accounted for and reported in another fund. The General Fund is available to the School District for any purpose provided it is expended or transferred according to the school laws of Ohio.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private purpose trust funds and agency funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. In accordance with GASB 34, fiduciary funds are not included in the government-wide statements.

The School District's fiduciary funds consist of a private purpose trust fund and an agency fund which are used to maintain financial activity of the School District's college scholarship donations and student managed activities.

Measurement Focus

Government-wide Financial Statements - The government-wide financial statements are prepared using the economic resources measurement focus. All assets, liabilities, and deferred inflows of resources associated with the operation of the School District are included on the statement of net position. The Statement of Activities presents increases (i.e. revenues) and decreases (i.e. expenses) in total net position.

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

Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. The fund financial statements are prepared using either the modified accrual basis of accounting for governmental funds or the accrual basis of accounting for fiduciary funds. Differences in the accrual and modified accrual bases of accounting arise in the recognition of revenue, the recording of deferred inflows and outflows of resources, and in the presentation of expenses versus expenditures.

Revenues – Exchange and Non-exchange Transactions

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. "Measurable" means the amount of the transaction can be determined and "available" means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within 60 days of year-end.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. (See Note 6). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditures requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

Deferred Outflows and Deferred Inflows of Resources

As more fully described in Note 21 to the basic financial statements, the School District has implemented both GASB Statement No. 63 and GASB Statement No. 65, effective for fiscal year 2013. Deferred outflows of resources represent a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expenditures/expenses) until then. The School District did not have any deferred outflows of resources as of June 30, 2013. The School District reports a deferred inflow of resources which represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenues) until that time. For the School District these amounts consist of taxes which are not collected in the available period. The difference between deferred inflows on the Statement of Net Position and the Balance Sheet is due to delinquent property taxes not received during the available period. These were reported as revenues on the Statement of Activities and not recorded as deferred inflows on the Statement of Net Position.

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable, except for (1) principal and interest on general long-term debt and capital lease obligations, which is recorded when due, and (2) the costs of accumulated unpaid vacation, personal leave and sick leave are reported as fund liabilities upon the occurrence of employee resignations and retirements. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

C. Budgetary Process

All funds, other than the agency fund, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution, and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and set annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level. The Treasurer maintains budgetary information at the fund and object level and has the authority to allocate appropriations at the function and object level without resolution by the Board.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The certificate of estimated resources may be amended during the fiscal year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statement are based on estimates made before the end of the prior fiscal year. The amounts reported as the final budgeted amounts in the budgetary statement reflect the amounts in the final amended certificate in effect when the final appropriations for the fiscal year were passed.

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

D. Cash and Cash Equivalents

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

During fiscal year 2013, the School District's investments were limited to funds invested in the State Treasury Assets Reserve of Ohio (STAROhio). STAROhio is an investment pool managed by the State Treasurer's Office that allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 2013.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited during fiscal year 2013 amounted to \$219 for the General Fund.

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are considered to be cash equivalents.

E. Capital Assets and Depreciation

All capital assets of the School District are general capital assets that are associated with governmental activities. General capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of \$500. The School District does not possess any infrastructure.

Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. The School District does not capitalize interest for capital asset purchases.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

<u>Description</u>	<u>Estimated Lives</u>
Land Improvements	10-25 years
Buildings and Improvements	20-25 years
Furniture and Equipment	10-15 years
Vehicles	10-15 years
Textbooks	5-10 years

F. Compensated Absences

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

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

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

G. Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, claims and judgments and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment in the current year.

H. Fund Balance

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

Nonspendable The nonspendable fund balance classification includes amounts that cannot be spent because they are not in the spendable form, or legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash.

Restricted Fund balance is reported as restricted when constraints placed on the use of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or is imposed by law through constitutional provisions.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Committed The committed fund balance classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the School District Board of Education. Those committed amounts cannot be used for any other purpose unless the School District Board of Education removes or changes the specified use by taking the same type of action (resolution) it employed to previously commit those amounts. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

Assigned Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by policies of the School District Board of Education.

Unassigned Unassigned fund balance is the residual classification for the General Fund and includes all spendable amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance resulting from overspending for specific purposes for which amounts had been restricted, committed, or assigned.

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

I. Estimates

The preparation of 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 may differ from those estimates.

J. Net Position

Net position represents the difference between assets, liabilities and deferred inflows/outflows of resources. Net investment in capital assets, consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for food service operations, instruction, support services, and extracurricular activities.

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

Of the School District's \$174,562 in restricted net position, none is restricted by enabling legislation.

K. Restricted Assets

Restricted assets in the General Fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets included amounts required by statute to be set-aside by the School District for capital acquisition. See Note 16 for additional information regarding set-asides.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

L. Interfund Transactions

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

NOTE 3 – ACCOUNTABILITY

Fund Balance Deficits

At June 30, 2013, Title VI-B and the Title II-A Special Revenue Funds had fund balance deficits of \$195 and \$2,353, respectively, which were created by the application of accounting principles generally accepted in the United States of America. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING

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

The major differences between the budget basis and GAAP (modified accrual) basis are as follows:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
3. Encumbrances are treated as expenditures (budget basis) rather than as a restriction, commitment or assignment of fund balance for governmental fund types (GAAP basis); and
4. Funds treated as General Fund equivalents on the GAAP basis are not included on the budget basis.

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

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING (continued)

The following table summarizes the adjustments necessary to reconcile the GAAP and budgetary basis statements for the General Fund.

	Net Change in Fund Balance
GAAP Basis	\$ (101,018)
Revenue Accruals	141,771
Expenditure Accruals	(117,718)
Perspective Difference:	
Activity of Funds Reclassed for GAAP Reporting Purposes	27,683
Encumbrances	<u>(386,869)</u>
Budget Basis	<u>\$ (436,151)</u>

NOTE 5 - DEPOSITS AND INVESTMENTS

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

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

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

Interim 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 monies may be deposited or invested in the following securities:

1. United States treasury notes, bills, bonds, or other obligations of or securities issued by the United States treasury or any other obligation guaranteed as to the payment of principal and interest by the United States;
2. Bonds, notes, debentures, or 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 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. Interim deposits in the eligible institutions applying for interim money as provided in section 135.08 of the Revised Code;

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

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio);
8. Certain bankers' acceptances for a period not to exceed one hundred eighty days and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time;
9. Linked deposits as authorized by ordinance adopted pursuant to section 135.80 of the Revised Code;
10. Commercial paper notes issued by any entity that is defined in division (D) of section 1705.01 of the Revised Code and has assets exceeding five hundred million dollars, and to which notes are rated at the time of purchase in the highest classification established by at least two standard rating services; the aggregate value of the notes does not exceed ten percent of the aggregate value of the outstanding commercial paper of the issuing corporation; the notes mature no later than one hundred eighty days after purchase; and
11. Bankers' acceptances of banks that are members of the federal deposit insurance corporation to which obligations both the following apply: obligations are eligible for purchase by the federal reserve system and the obligations mature no later than one hundred eighty days after purchase.

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

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Deposits Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. According to state law, public depositories must give security for all public funds on deposit in excess of those funds that are insured by the Federal Deposit Insurance Corporation (FDIC) or by any other agency or instrumentality of the federal government. These institutions may either specifically collateralize individual accounts in lieu of amounts insured by the FDIC, or may pledge a pool of government securities valued at least 105% of the total value of public monies on deposit at the institution. The School District's policy is to deposit money with financial institutions that are able to abide by the laws governing insurance and collateralization of public funds.

As of June 30, 2013, the School District's bank balance of \$1,430,939 is either covered by FDIC or collateralized by the financial institution's public entity deposit pool in the manner described above.

Investments The School District's investments in STAR Ohio are unclassified investments since they are not evidenced by securities that exist in physical or book entry form.

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

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

	<u>Fair/Carrying Value</u>	<u>Weighted Average Maturity (Yrs.)</u>
STAR Ohio	<u>\$ 71,524</u>	0

Interest rate risk – Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. Although the School District does not have an investment policy, the School District manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio.

Credit Risk – Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The School District limits its investments to STAROhio. Investments in STAR Ohio were rated AAAM by Standard & Poor’s.

Concentration of credit risk – Concentration of credit risk is the risk of loss attributed to the magnitude of a government’s investment in a single issuer. The School District does not have an investment policy so it can only have investments in STAROhio and Certificates of Deposit. The School District has invested 100 percent in STAROhio.

Custodial Credit Risk - Custodial credit risk is the risk that in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All of the School District’s securities are either insured and registered in the name of the School District or at least registered in the name of the School District.

NOTE 6 - PROPERTY TAXES

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

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the School District. Real property tax revenue received in calendar year 2013 represents collections of calendar year 2012 taxes. Real property taxes received in calendar year 2013 were levied after April 1, 2012, on the assessed value listed as of January 1, 2012, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2013 represents collections of calendar year 2012 taxes. Public utility real and tangible personal property taxes received in calendar year 2013 became a lien on December 31, 2011, were levied after April 1, 2012, and are collected in 2013 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

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

NOTE 6 - PROPERTY TAXES (continued)

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

	2012 Second- Half Collections		2013 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$ 58,426,300	85.83%	\$ 58,560,080	85.64%
Public Utility	9,646,550	14.17%	9,821,840	14.36%
Total Assessed Value	\$ 68,072,850	100.00%	\$ 68,381,920	100.00%
 Tax rate per \$1,000 of assessed valuation	 \$ 25.07		 \$ 25.07	

The School District receives property taxes from Scioto County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2013, are available to finance fiscal year 2013 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property, and public utility taxes that became measurable as of June 30, 2013 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amounts available as an advance at June 30 were levied to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred inflows of resources for that portion not levied to finance current year operations. The amount available as an advance is recognized as revenue.

The amount available as an advance at June 30, 2013, was \$101,209 in the General Fund.

NOTE 7 - RECEIVABLES

Receivables at June 30, 2013, consisted of accounts, taxes, interfund, and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds. A summary of the principal items of intergovernmental receivables follows:

	Amount
General Fund	\$ 89,818
Non-Major Special Revenue Funds:	
Lunch Room	184
Public School Preschool	22,866
Voc Ed Enhancements	4,068
Race to the Top	4,640
Title VI-B	18,816
School Improvement	67,721
Title I	77,966
Teacher Quality	5,944
Total Non-Major Special Revenue Funds	202,205
Total All Funds/Governmental Activities	\$ 292,023

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

NOTE 8 - CAPITAL ASSETS

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

	<u>Ending Balance</u> 6/30/2012*	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u> 6/30/2013
Capital Assets, Not Being Depreciated				
Land	\$ 72,079	\$ -	\$ -	\$ 72,079
Total Capital Assets, Not Being Depreciated	<u>72,079</u>	<u>-</u>	<u>-</u>	<u>72,079</u>
Capital Assets, Being Depreciated				
Land Improvements	374,886	-	-	374,886
Buildings and Improvements	4,674,645	111,004	-	4,785,649
Furniture and Equipment	1,741,573	156,106	-	1,897,679
Vehicles	469,893	-	-	469,893
Textbooks	463,425	-	-	463,425
Total Capital Assets, Being Depreciated	<u>7,724,422</u>	<u>267,110</u>	<u>-</u>	<u>7,991,532</u>
Less Accumulated Depreciation				
Land Improvements	(246,317)	(6,848)	-	(253,165)
Buildings and Improvements	(3,606,746)	(44,754)	-	(3,651,500)
Furniture and Equipment	(1,331,083)	(88,212)	-	(1,419,295)
Vehicles	(413,915)	(17,998)	-	(431,913)
Textbooks	(421,067)	(664)	-	(421,731)
Total Accumulated Depreciation	<u>(6,019,128)</u>	<u>(158,476)</u>	<u>-</u>	<u>(6,177,604)</u>
Total Capital Assets, Being Depreciated, Net	<u>1,705,294</u>	<u>108,634</u>	<u>-</u>	<u>1,813,928</u>
Governmental Activities Capital Assets, Net	<u>\$ 1,777,373</u>	<u>\$ 108,634</u>	<u>\$ -</u>	<u>\$ 1,886,007</u>

* As restated, see Note 21 for additional information.

Depreciation expense was charged to government functions as follows:

Regular Instruction	\$ 100,571
Special Instruction	529
Vocational Instruction	9,280
Other Instruction	13,201
S.S. Administration	1,534
S.S. Operation and Maintenance of Plant	5,465
S.S. Pupil Transportation	19,379
Operation of Non-Instructional Services	4,389
Extracurricular Activities	4,128
	<u>\$ 158,476</u>

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

NOTE 9 – RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2013, the School District contracted with Governmental Underwriters of America for property and fleet insurance, liability insurance, and inland marine coverage. Coverages provided are as follows:

Building and Contents-replacement cost (\$1,000 deductible, EDP \$500 deductible)	\$20,898,000
AV/Music/Miscellaneous (\$500 deductible)	100,000 each
Automobile Liability	1,000,000
Uninsured Motorists	1,000,000
General Liability	
Per occurrence	1,000,000
Total per year	3,000,000

Settled claims have not exceeded this commercial coverage in any of the past three years. There has been no significant change in coverage from last year.

The School District is a member of the Scioto County Regional Council of Governments, a public entity shared risk pool (Note 15), consisting of school districts within the County offering medical and dental insurance to their employees. Monthly premiums are paid to the South Central Ohio Educational Service Center as fiscal agent, who in turns pays the claims on the School District's behalf. The Council is responsible for the management and operations of the program. Upon termination from the Council, for any reason, the Council shall have no obligation under the plan beyond paying the difference between the claims incurred (even though later filed) and expenses of the Plan due up to the date of termination plus extended extended benefits, if any, provided under the Plan. Such claims and expenses shall be paid from the funds of the Council.

Workers Compensation coverage is provided by the State of Ohio and is based on a rate per \$100 of salaries. The rate is calculated based on accident history and administrative costs.

NOTE 10 - DEFINED BENEFIT PENSION PLANS

School Employees Retirement System

The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement, disability, and survivor benefits; annual cost-of-living adjustments; and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained on SERS' website, www.ohsers.org, under *Employers/Audit Resources*.

Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amounts, by the SERS; Retirement Board. The Retirement Board acting with the advice of the actuary, allocates the employer contribution rate among four of the funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund) of the System. For fiscal year 2013, the allocation to pension and death benefits is 13.10 percent. The remaining 0.90 percent of the 14 percent employer contribution rate is allocated to the Health Care and Medicare B Funds. The School District's contributions to SERS for the fiscal years ended June 30, 2013, 2012 and 2011 were \$119,776, \$137,280, and \$118,194, respectively; 67 percent has been contributed for fiscal year 2013 and 100 percent for the fiscal years 2012 and 2011. \$36,752 represents the unpaid contribution for fiscal year 2013 and is recorded as a liability within the respective funds.

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

NOTE 10 - DEFINED BENEFIT PENSION PLANS (continued)

State Teachers Retirement System

The School District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement system.

STRS Ohio is a statewide retirement plan for licensed teachers and other faculty members employed in the public schools of Ohio or any school, community school, college, university, institution or other agency controlled, managed and supported, in whole or in part, by the state or any political subdivision thereof.

Plan Options - New members have a choice of three retirement plan options. In addition to the Defined Benefit (DB) Plan, new members are offered a Defined Contribution (DC) Plan and a Combined Plan. The DC Plan allows members to allocate all their member contributions and employer contributions equal to 10.5 percent of earned compensation among various investment choices. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are allocated to investment choices by the member, and employer contributions are used to fund a defined benefit payment at a reduced level from the regular DB Plan. Contributions into the DC Plan and the Combined Plan are credited to member accounts as employers submit their payroll information to STRS Ohio, generally on a biweekly basis. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan.

DB Plan Benefits – Plan benefits are established under Chapter 3307 of the Revised Code. Any member may retire who has (i) five years of service credit and attained age 60; (ii) 25 years of service credit and attained age 55; or (iii) 30 years of service credit regardless of age. The annual retirement allowance, payable for life, is the greater of the “formula benefit” or the “money-purchase benefit” calculation. Under the “formula benefit,” the retirement allowance is based on years of credited service and final average salary, which is the average of the member’s three highest salary years. The annual allowance is calculated by using a base percentage of 2.2% multiplied by the total number of years of service credit (including Ohio-valued purchased credit) times the final average salary. The 31st year of earned Ohio service credit is calculated at 2.5%. An additional one-tenth of a percent is added to the calculation of every year of earned Ohio service over 31 years (2.6% for 32 years, 2.7% for 33 years and so on) until 100% of final average salary is reached. For members with 35 or more years of Ohio contributing service, the first 30 years will be calculated at 2.5% instead of 2.2%. Under the “money-purchase benefit” calculation, a member’s lifetime contributions plus interest at specified rates are matched by an equal amount from other STRS Ohio funds. This total is then divided by an actuarially determined annuity factor to determine the maximum annual retirement allowance.

DC Plan Benefits – Benefits are established under Sections 3307.80 to 3307.89 of the Revised Code. For members who select the DC Plan, all member contributions and employer contributions at a rate of 10.5% are placed in an investment account. The member determines how to allocate the member and employer money among various investment choices. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump-sum withdrawal. Employer contributions into members’ accounts are vested after the first anniversary of the first day of paid service. Members in the DC Plan who become disabled are entitled only to their account balance. If a member dies before retirement benefits begin, the member’s designated beneficiary is entitled to receive the member’s account balance.

Combined Plan Benefits – Member contributions are allocated by the member, and employer contributions are used to fund a defined benefit payment. A member’s defined benefit is determined by multiplying 1% of the member’s final average salary by the member’s years of service credit. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60. The defined contribution portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50.

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

NOTE 10 - DEFINED BENEFIT PENSION PLANS (continued)

A retiree of STRS Ohio or another Ohio public retirement system is eligible for reemployment as a teacher following the elapse of two months from the date of retirement. Contributions are made by the reemployed member and employer during the reemployment. Upon termination of reemployment or age 65, whichever comes later, the retiree is eligible for an annuity benefit or equivalent lump-sum payment in addition to the original retirement allowance. A reemployed retiree may alternatively receive a refund of only member contributions with interest before age 65, once employment is terminated.

Benefits are increased annually by 3% of the original base amount for Defined Benefit Plan participants.

The Defined Benefit and Combined Plans offer access to health care coverage to eligible retirees who participated in the plans and their eligible dependents. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare Part B premiums. By Ohio law, health care benefits are not guaranteed.

A Defined Benefit or Combined Plan member with five or more years' credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. A death benefit of \$1,000 is payable to the beneficiary of each deceased retired member who participated in the Defined Benefit Plan. Death benefit coverage up to \$2,000 can be purchased by participants in the DB, DC or Combined Plans. Various other benefits are available to members' beneficiaries.

Chapter 3307 of the Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers.

For the fiscal years ended June 30, 2013, 2012, and 2011, plan members were required to contribute 10 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. The School District's contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2013, 2012, and 2011 were \$338,201, \$310,389, and \$321,869, respectively; 82 percent has been contributed for fiscal year 2013 and 100 percent for fiscal years 2012 and 2011. \$59,807 represents the unpaid contribution for fiscal year 2013 and is recorded as a liability within the respective funds.

STRS Ohio issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771 or by calling (888) 227-7877, or by visiting the STRS Ohio website at www.strsoh.org.

Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2013, none of the members of the Board of Education had elected Social Security. The Board's liability is 6.2 percent of wages paid.

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

NOTE 11 - POSTEMPLOYMENT BENEFITS

State Teachers Retirement System

STRS Ohio administers a pension plan that is comprised of: a defined benefit plan; a self-directed defined contribution plan; and a combined plan which is a hybrid of the defined benefit and defined contribution plan.

Ohio law authorizes STRS Ohio to offer a cost-sharing, multiple-employer health care plan. STRS Ohio provides access to health care coverage to eligible retirees who participated in the defined benefit or combined plans. Coverage under the current program includes hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. Pursuant to Section 3307 of the Ohio Revised Code, the Retirement Board has discretionary authority over how much, if any, of the associated health care costs will be absorbed by STRS Ohio. All benefit recipients, for the most recent year, pay a portion of the health care costs in the form of a monthly premium.

STRS Ohio issues a stand-alone financial report. Interested parties can view the most recent Comprehensive Financial Annual Report by visiting www.strsoh.org or by requesting a copy by calling toll-free 1-888-227-7877.

Under Ohio law, funding for post-employment health care may be deducted from employer contributions. Of the 14 percent employer contribution rate, 1 percent of covered payroll was allocated to post-employment health care for the years ended June 30, 2013, 2012 and 2011. The 14 percent employer contribution rate is the maximum rate established under Ohio law. For the School District, these amounts equaled \$25,678, \$24,420, and \$25,077, for fiscal years 2013, 2012, and 2011, respectively, which equaled the required allocation for each year.

School Employees Retirement System

In addition to a cost-sharing, multiple-employer defined benefit pension plan, the School Employees Retirement System (SERS) administers two post employment benefit plans.

Medicare Part B Plan

The Medicare B plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code 3309.69. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B premium for calendar year 2013 was \$104.90 for most participants, but could be as high as \$335.70 per month depending on their income. SERS' reimbursement to retirees was \$45.50.

The Retirement Board, acting with the advice of the actuary, allocates a portion of the current employer contribution rate to the Medicare B Fund. For fiscal years 2013, 2012, and 2011, the actuarially required allocation was 0.74 percent, 0.75 percent, and 0.76 percent. For the School District, contributions for the years ended June 30, 2013, 2012, and 2011, were \$7,592, \$7,452, and \$7,829, which equaled the required contributions for those years.

Health Care Plan

Ohio Revised Code 3309.375 and 3309.69 permit SERS to offer health care benefits to eligible retirees and beneficiaries. SERS' Retirement Board reserves the right to change or discontinue any health plan or program. SERS offers several types of health plans from various vendors, including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively.

The Ohio Revised Code provides the statutory authority to fund SERS' post-employment benefits through employer contributions. Active members do not make contributions to the post-employment benefit plans.

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

NOTE 11 - POSTEMPLOYMENT BENEFITS (continued)

The Health Care Fund was established under, and is administered in accordance with, Internal Revenue Code 105(e).

Each year after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer 14 percent contribution to the Health Care Fund. At June 30, 2013, 2012, and 2011, the health care allocations were 0.16 percent, 0.55 percent, and 1.43 percent, respectively. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2013, the minimum compensation level was established at \$20,525. The surcharge, added to the unallocated portion of the 14 percent employer contribution rate is the total amount assigned to the Health Care Fund. For the School District, the amounts assigned to health care, including the surcharge, during the 2013, 2012, and 2011 fiscal years equaled \$14,429, \$24,084, and \$26,320, respectively, which equaled the required allocation for each year.

The SERS Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending upon the plan selected, qualified years of service, Medicare eligibility, and retirement status.

The financial reports of SERS' Health Care and Medicare B plans are included in its *Comprehensive Annual Financial Report*. The report can be obtained on SERS' website at www.ohsers.org under *Employers/Audit Resources*.

NOTE 12 - EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time. Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 226 days for classified personnel and 245 days for certified personnel. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit to a maximum of 56.5 days for classified and 61 days for certified personnel.

B. Insurance Benefits

The School District provides life insurance and accidental death and dismemberment insurance to most employees through Core Source, Inc.

C. Deferred Compensation

School District employees may participate in the Ohio Public Employees Deferred Compensation Plan. This plan was created in accordance with Internal Revenue Code Section 457. Participation is on a voluntary payroll deduction basis. The plan permits deferral of compensation until future years. According to the plan, the deferred compensation is not available until termination, retirement, death or an unforeseeable emergency.

D. Early Retirement Incentive

The School District has an Early Retirement Incentive program. Participation is open to any employees who has reached 30 years of service during the fiscal year, is eligible for STRS retirement, and notifies the Board of Education in writing of the intent to retire at the end of the fiscal year by March 1. A qualified employee who retires will be granted a retirement incentive of \$2,500.

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

NOTE 13 - LONG-TERM LIABILITIES

The changes in the School District's long-term liabilities during fiscal year 2013 were as follows:

	Principal Outstanding 06/30/12	Additions	Deductions	Principal Outstanding 06/30/13	Due in One Year
Compensated Absences	\$ 356,515	\$ 314,272	\$ 363,346	\$ 307,441	\$ 73,652
Energy Conservation Notes	148,218	-	35,644	112,574	36,568
Capital Lease	68,251	-	38,459	29,792	29,792
Total Long-Term Obligations	<u>\$ 572,984</u>	<u>\$ 314,272</u>	<u>\$ 437,449</u>	<u>\$ 449,807</u>	<u>\$ 140,012</u>

Compensated absences will be paid from the fund in which the employees' salaries are paid, with the most significant fund being the General Fund. Capital Leases are being paid from the General Fund.

On September 15, 2010, the School District issued Energy Conservation Notes in the amount of \$182,961. The notes were issued at an interest rate of 2.593% and have a final maturity of September 15, 2015. The notes are being paid from the General Fund.

The School District's overall legal debt margin was \$6,041,799 with an unvoted debt margin of \$68,382 at June 30, 2013.

Principal and interest requirements to retire Classroom Facilities Bonds outstanding at June 30, 2013 are as follows:

Fiscal Year Ending June 30,	<u>Energy Conservation Notes</u>	
	<u>Principal</u>	<u>Interest</u>
2014	36,568	2,919
2015	37,517	1,971
2016	38,489	998
Total	<u>\$112,574</u>	<u>\$5,888</u>

NOTE 14 - JOINTLY GOVERNED ORGANIZATIONS

South Central Ohio Computer Association Council of Governments - The School District is a participant in the South Central Ohio Computer Association Council of Governments (SCOCA COG) which is an information technology center. SCOCA COG is a council of governments providing information technology services to 58 public education entities, 58 non-public education entities, and public libraries from 24 Ohio counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of SCOCA COG consists of two representatives from each of the eleven participating counties, two school treasurers, and a representative for the fiscal agent. SCOCA COG is not accumulating significant financial resources nor is it experiencing fiscal stress that may cause an additional financial benefit to or burden on members in the future. The School District paid \$55,481 for services provided during fiscal year 2013. Financial information for SCOCA COG can be obtained from their fiscal office located at Pike County Career Technology Center, P.O. Box 577, 175 Beaver Creek, Piketon, Ohio 45661

Scioto County Career Technical Center - The Scioto County Career Technical Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of five representatives from the City and County Boards within Scioto County, each of which possesses its own budgeting and taxing authority. To obtain financial information write to the Scioto County Career Technical Center, Brett Butler, who serves as Treasurer, at 951 Vern Riffe Drive, Lucasville, Ohio 45648.

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

NOTE 14 - JOINTLY GOVERNED ORGANIZATIONS (continued)

Coalition of Rural and Appalachian Schools - The Coalition of Rural and Appalachian Schools is a jointly governed organization of over one hundred school districts in southeastern Ohio. The Coalition is operated by a board which is composed of fourteen members. The board members are composed of one superintendent from each county elected by the school districts within that county. The Council provides various services for school district administrative personnel; gathers data regarding conditions of education in the region; cooperates with other professional groups to assess and develop programs designed to meet the needs of member districts; and provides staff development programs for school district personnel. The Council is not dependent upon the continued participation of the School District and the School District does not maintain an equity interest in or a financial responsibility for the Council. The School District did not utilize the services of the Coalition during the year.

NOTE 15 - PUBLIC ENTITY SHARED RISK POOL

Scioto County Regional Council of Governments - The School District is a member of the Scioto County Regional Council of Governments, a public entity shared risk pool. Several Scioto County school districts have entered into an agreement with the South Central Ohio Educational Service Center to form the Scioto County Regional Council of Governments. The overall objectives of the Council are to formulate and administer a program of health insurance for the benefit of the Council members' employees and their dependents, to obtain lower costs for health coverage, and to secure cost control by implementing a program of comprehensive loss control. The Council's business and affairs are managed by a Board of Directors, consisting of the superintendents from each of the participating school districts.

The School District pays premiums based on what the Council estimates will cover the costs of all claims for which the Council is obligated. If the School District's claims exceed its premiums, there is no individual supplemental assessment; on the other hand, if the School District's claims are low, it will not receive a refund. The Council views its activities in the aggregate, rather than on an individual entity basis. To obtain financial information, write to the fiscal agent, South Central Ohio Educational Service Center at Fourth and Court Streets, Portsmouth, Ohio 45662.

NOTE 16 - SET-ASIDE CALCULATIONS AND FUND RESERVES

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

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

	Capital Acquisition
Set-aside Reserve Balance as of June 30, 2012	\$ 135,084
Current Year Set-aside Requirement	100,967
Current Year Qualifying Expenditures	(179,089)
Set-aside Reserve Balance as of June 30, 2013	\$ 56,962

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

NOTE 17 - CONTINGENCIES

A. Grants

The School District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2013, if applicable, cannot be determined at this time.

B. Litigation

The School District is 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.

NOTE 18 – CAPITAL LEASES – LESSEE DISCLOSURE

During fiscal year 2010, the School District entered into capitalized leases for modular buildings. The lease meets the criteria of a capital lease as defined by the 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 have been reclassified and are reflected as debt service expenditures in the financial statements for the governmental funds. These expenditures are reported as function expenditures on the budgetary statement.

For the leased assets related to the governmental funds, capital assets acquired by lease have been capitalized in the government-wide financial statements in an amount of \$179,490. A corresponding liability was recorded in the government-wide financial statements for the amount of the lease purchase. Future minimum lease payments are as follows:

Fiscal Year Ending June 30,	
2014	\$ 30,349
Total Minimum Lease Payments	<u>30,349</u>
Less: Amounts Representing Interest	(557)
Present Value of Minimum Lease Payments	<u><u>\$ 29,792</u></u>

NOTE 19 – INTERFUND ACTIVITY

Interfund Balances

Interfund balances at June 30, 2013, consists of the following individual fund receivables and payables, which are expected to be repaid during the 2014 fiscal year:

Interfund Loans	Receivable	Payable
General Fund	\$28,477	\$0
Non-major Special Revenue Funds:		
IDEA Part B	0	1,413
School Improvement	0	11,894
Title I	0	15,170
Total Non-major Special Revenue Funds	<u>0</u>	<u>28,477</u>
Total Interfund Receivables/Payables	<u><u>\$28,477</u></u>	<u><u>\$28,477</u></u>

The amounts due to the General Fund are the result of the School District moving unrestricted monies to support grant funds whose grants operate on a reimbursement basis. The General Fund will be reimbursed when funds become available in the non-major special revenue funds.

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

NOTE 20 – FUND BALANCES

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the School District is bound to observe constraints imposed upon the use of the resources in the governmental funds. The constraints placed on the fund balance for the major governmental fund and all other governmental funds are presented below:

Fund Balances	General	Nonmajor Governmental Funds	Total Governmental Funds
Restricted for			
Food Service Operations	\$ -	\$ 41,656	\$ 41,656
Other Purposes	-	104,822	104,822
Athletics	-	45,558	45,558
Capital Maintenance	56,962	-	56,962
Total Restricted	<u>56,962</u>	<u>192,036</u>	<u>248,998</u>
Committed to			
Termination Benefits	75,030	-	75,030
Total Committed	<u>75,030</u>	<u>-</u>	<u>75,030</u>
Assigned to			
Other Purposes	349,224	-	349,224
Unassigned (Deficit)	<u>403,439</u>	<u>(2,548)</u>	<u>400,891</u>
Total Fund Balances	<u>\$ 884,655</u>	<u>\$ 189,488</u>	<u>\$ 1,074,143</u>

NOTE 21 – CHANGES IN ACCOUNTING PRINCIPLES

For 2013 the School District implemented GASB Statement No. 62, “Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements,” GASB Statement No. 63, “Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position” and GASB Statement No. 65, “Items Previously Reported as Assets and Liabilities”.

Statement No. 62 incorporated into the GASB’s authoritative literature certain accounting and financial reporting guidance that is included in Financial Accounting Standards Board (FASB) Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins of the American Institute of Certified Public Accountants’ (AICPA) Committee on Accounting Procedure issued on or before November 30, 1989 which does not conflict with or contradict GASB pronouncements.

Statement No. 63 provides guidance for reporting deferred outflows of resources, deferred inflows of resources, and net position in a statement of financial position and related disclosures. GASB 63 standardizes the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government’s net position.

Statement No. 65 provides guidance on how to properly classify items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources. In addition, guidance is provided on recognizing certain items that were previously reported as assets and liabilities as outflows of resources (expenses or expenditures) or inflows of resources (revenues).

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

NOTE 21 – CHANGES IN ACCOUNTING PRINCIPLES (continued)

The implementation of GASB Statement No. 62 had no effect on the financial statements.

The implementation of GASB Statements No. 63 and 65 had no effect on the beginning of year fund balance/net position; however, GASB Statements No. 63 and 65 did result in certain financial reporting changes for 2013.

During the current fiscal year, the School District performed a review of the detail depreciation calculations of their capital assets. The evaluation resulted in the correction of errors for reporting accumulated depreciation for capital assets which decreased the beginning net position in the amount of \$907,405 from \$3,440,455 to \$2,533,050.

Green Local School District
Schedule of Federal Awards Receipts and Expenditures
For the Year Ended June 30, 2013

Federal Grantor/ Pass Through Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
United States Department of Agriculture						
<i>Passed through Ohio Department of Education</i>						
<i>Nutrition Cluster:</i>						
School Breakfast Program	3L70	10.553	75,376	-	75,376	-
National School Lunch Program	3L60	10.555	124,927	14,067	124,927	14,067
Total Nutrition Cluster			<u>200,303</u>	<u>14,067</u>	<u>200,303</u>	<u>14,067</u>
Total United States Department of Agriculture			<u>200,303</u>	<u>14,067</u>	<u>200,303</u>	<u>14,067</u>
United States Department of Education						
<i>Passed through Ohio Department of Education</i>						
Title I Grants to Local Education Agencies	3M00	84.010	178,701	-	194,570	-
Special Education - Grant to States	3M20	84.027	126,850	-	128,564	-
Improving Teacher Quality State Grant	3Y60	84.367	47,665	-	47,106	-
School Improvement Grants	3AN0	84.377	417,835	-	463,502	-
Race to the Top, Recovery Act	3FD0	84.413	48,049	-	47,123	-
Stimulus School Improvement	3ET0	84.410	12,504	-	10,004	-
Total United States Department of Education			<u>831,604</u>	<u>-</u>	<u>890,869</u>	<u>-</u>
Total Federal Financial Assistance			<u>\$1,031,907</u>	<u>\$ 14,067</u>	<u>\$ 1,091,172</u>	<u>\$ 14,067</u>

See Notes to the Schedule of Federal Awards Receipts and Expenditures.

Green Local School District
Notes to the Schedule of Federal Awards Receipts and Expenditures
For the Fiscal Year Ended June 30, 2013

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Receipts and Expenditures (the Schedule) summarizes activity of the School District's federal award programs. The Schedule has been prepared on the cash basis of accounting.

NOTE B – NATIONAL SCHOOL LUNCH AND BREAKFAST PROGRAMS

Federal funds received from the National School Lunch and Breakfast Programs were commingled with state subsidy and local revenues from the sale of meals. It was assumed that federal dollars were expended first.

NOTE C – FOOD DONATION

Program regulations do not require the School District to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. The non-monetary assistance (expenditures) is reported in the Schedule at the fair value of the commodities received as assessed by the U.S. Department of Agriculture.



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Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards*

Green Local School District
4070 Gallia Pike
Franklin Furnace, OH 45629

Members of the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of the Green Local School District, Scioto County, (the School District) as of and for the year ended June 30, 2013, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated January 28, 2014, wherein we noted the School District implemented Governmental Accounting Standards Board (GASB) Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* and GASB Statement No. 65, *Items Previously reported as Assets and Liabilities*.

Internal Control Over Financial Reporting

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

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

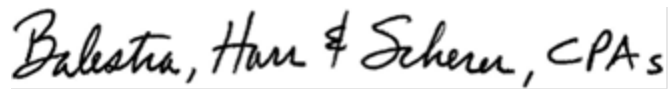
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings that we consider a significant deficiency in internal control. We consider finding 2013-01 to be a significant deficiency.

Compliance and Other Matters

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

Purpose of this Report

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



Balestra, Harr & Scherer, CPAs, Inc.
Piketon, Ohio
January 28, 2014



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Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance Required by OMB Circular A-133

Green Local School District
4070 Gallia Pike
Franklin Furnace, OH 45629

Members of the Board of Education:

Report on Compliance for Each Major Federal Program

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

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

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

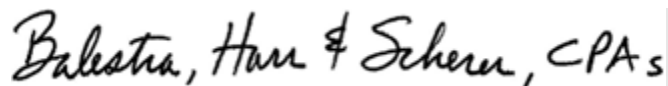
Report on Internal Control Over Compliance

The School District's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the School District's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on the major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the School District's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, when performing their assigned functions, to prevent, or to timely detect and correct, noncompliance with a federal program's applicable compliance requirement. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a federal program compliance requirement will not be prevented, or timely detected and corrected. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with federal program's applicable compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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

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



Balestra, Harr & Scherer, CPAs, Inc.
Piketon, Ohio
January 28, 2014

Green Local School District
Schedule of Findings
OMB Circular A-133 Section .505
For The Fiscal Year Ended June 30, 2013

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	Yes
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material control weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Program's Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under section .510?	No
(d)(1)(vii)	Major Programs (list):	School Improvement Grants: CFDA: 84.377
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

Green Local School District
Schedule of Findings
OMB Circular A-133 Section .505
(Continued)
For The Fiscal Year Ended June 30, 2013

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

Finding Number 2013-01

Significant Deficiency

Management is responsible for ensuring the financial statements are complete and prepared accurately in accordance with the accounting principles generally accepted in the United States of America (GAAP).

Financial information is vital to an organization's management in its continual effort to effectively make decisions to guide the organization. It is also important for management to receive timely feedback on the reliability of financial information summarized in the financial statements, notes to the financial statements, and schedules used to make these decisions.

The accompanying financial statements were adjusted to reflect corrections to the prior period capital assets balances. The School District should implement application and monitoring controls over financial reporting to ensure that all financial statement transactions are accurately and completely reported.

Client Response:

The School District has chosen not to respond to the above finding.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None



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Independent Accountants' Report on Applying Agreed-Upon Procedure

Green Local School District
4070 Gallia Pike
Franklin Furnace, OH 45629

Members of the Board of Education

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

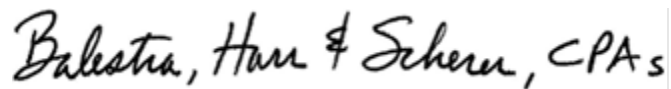
Accordingly, we have performed the procedure enumerated below, which was agreed to by the Board, solely to assist the Board in evaluating whether Green Local School District has updated its anti-harassment policy in accordance with Ohio Rev. Code Section 3313.666. Management is responsible for complying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

1. In our report dated December 21, 2011, we noted the Board adopted an anti-harassment policy on March 3, 2010. However, this policy did not include all matters required by Ohio Rev. Code 3313.666.
2. We inquired with the Board's management regarding the aforementioned policy. They stated they have not amended the March 3, 2010 policy. The policy lacks the following required by Ohio Rev. Code Section 3313.666.
 1. A statement prohibiting harassment, intimidation, or bullying of any student or school property, on a school bus, or at a school-sponsored events and expressly providing for the possibility of suspension of a student found responsible for harassment, intimidation, or bullying by an electronic act;
 2. A definition of harassment, intimidation, or bullying that includes the definition in division (A) of Ohio Rev. Code Section 3313.666, as of the latest amendment.

Members of the Board of Education
Green Local School District
Independent Accountants' Report on Applying Agreed-Upon Procedure
Page 2

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

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

A handwritten signature in black ink that reads "Balestra, Harr & Scherer, CPAs". The signature is written in a cursive style and is enclosed within a thin black rectangular border.

Balestra, Harr & Scherer, CPAs, Inc.
Piketon, Ohio
January 28, 2014

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Dave Yost • Auditor of State

GREEN LOCAL SCHOOL DISTRICT

SCIOTO COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
APRIL 3, 2014**