



Dave Yost • Auditor of State

**GREEN LOCAL SCHOOL DISTRICT
SCIOTO COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Green Local School District
Scioto County
4070 Gallia Pike
Franklin Furnace, Ohio 45629

To the Board of Education:

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 Green Local School District, Scioto County, Ohio (the School District), as of and for the year ended June 30, 2014, 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, 2014, 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.

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 Awards Receipts and Expenditures 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 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, this schedule is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated April 24, 2015, 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 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.

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

Dave Yost
Auditor of State

Columbus, Ohio

April 24, 2015

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Green Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
(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, 2014. 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, 2014 by \$2,922,441. The School District's net position of governmental activities increased \$37,251.
- General revenues accounted for \$5,776,034 in revenue or 74 percent of all revenues. Program specific revenues in the form of charges for services and sales and operating grants and contributions accounted for \$2,005,398 or 26 percent of total revenues of \$7,781,432.
- The School District had \$7,744,181 in expenses related to governmental activities; \$2,005,398 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 and financing sources of \$7,853,496, and expenditures and financing uses of \$7,869,070.

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, 2014
(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 9. 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, 2014
(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 2014 compared to 2013.

Table 1
Net Position
Governmental Activities

	<u>2014</u>	<u>2013*</u>
Assets:		
Current and Other Assets	\$ 3,592,488	\$ 3,536,750
Capital Assets, Net	<u>1,909,230</u>	<u>2,005,064</u>
Total Assets	<u>5,501,718</u>	<u>5,541,814</u>
Liabilities:		
Current and Other Liabilities	627,681	732,325
Long-Term Liabilities	<u>334,047</u>	<u>449,807</u>
Total Liabilities	<u>961,728</u>	<u>1,182,132</u>
Deferred Inflows of Resources:		
Property Taxes not Levied to Finance Current Year Operations	<u>1,617,549</u>	<u>1,474,492</u>
Net Position:		
Net Investment in Capital Assets	1,833,224	1,807,123
Restricted	134,721	174,562
Unrestricted	<u>954,496</u>	<u>903,505</u>
Total Net Position	<u>\$ 2,922,441</u>	<u>\$ 2,885,190</u>

* As restated, see Note 21 for additional information.

Total net position of the School District as a whole increased \$37,251. Current and other assets increased \$55,738, 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, 2014. Capital assets, net decreased \$95,834, due primarily to current year depreciation, which was partially offset by current year additions. Long-Term liabilities decreased \$115,760 due to the principle repayment on notes and capital leases and a decrease in compensated absences payable. Current and Other Liabilities decreased \$104,644 due primarily to a decrease in contracts payable, accounts payable, accrued wages and benefits, and matured compensated absences payable. Deferred inflows of resources increased \$143,057 primarily due to the increase in property taxes receivable.

Green Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
(Unaudited)

Table 2 shows the changes in net position for the fiscal years ended June 30, 2014 and 2013.

Table 2
Change in Net Position
Governmental Activities

	<u>2014</u>	<u>2013</u>
Revenues		
Program Revenues:		
Charges for Services and Sales	\$ 597,845	\$ 570,947
Operating Grants and Contributions	<u>1,407,553</u>	<u>1,505,765</u>
Total Program Revenues	2,005,398	2,076,712
General Revenues:		
Grants and Entitlements, Not Restricted to Specific Programs	3,610,657	3,597,009
Gifts and Donations, Not Restricted to Specific Programs	3,925	5,300
Investment Earnings	1,804	219
Payments in Lieu of Taxes	104,400	105,216
Miscellaneous	284,850	229,584
Property Taxes	<u>1,770,398</u>	<u>1,597,637</u>
Total General Revenues	<u>5,776,034</u>	<u>5,534,965</u>
Total Revenues	7,781,432	7,611,677
Program Expenses		
Instruction		
Regular	2,707,909	2,351,463
Special	626,534	661,068
Vocational	23,410	17,713
Other	1,329,374	1,234,249
Support Services		
Pupils	269,846	338,195
Instructional Staff	241,424	446,365
Board of Education	129,349	186,933
Administration	560,956	544,268
Fiscal	236,962	266,278
Operation and Maintenance of Plant	689,477	503,311
Pupil Transportation	535,207	489,735
Operation of Non-Instructional Services	245,301	229,283
Extracurricular Activities	144,783	103,883
Interest and Fiscal Charges	<u>3,649</u>	<u>5,850</u>
Total Expenses	<u>7,744,181</u>	<u>7,378,594</u>
Net Position at Beginning of Year*	2,885,190	2,652,107
Increase in Net Position	<u>37,251</u>	<u>233,083</u>
Net Position at End of Year	<u><u>\$ 2,922,441</u></u>	<u><u>\$ 2,885,190</u></u>

* As restated, see Note 21 for additional information.

Green Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
(Unaudited)

Governmental Activities

Operating grants and contributions decreased due to decreases in the Lunchroom, Race to the Top, and School Improvement Grant programs. Property taxes increased due to increased collections.

Regular instruction increased due to increases in salaries and benefits. The increase in other instruction expenditures was related to increased student intervention services provided by the School District. Board of Education expenditures decreased as a result of decreased legal fees. Instructional staff expenditures decreased due to decreases in the Public School Preschool, Race to the Top, and Title I programs. Operation and maintenance of plant expenditures increased due to additional maintenance required during the fiscal year.

Grants and entitlements, not restricted to specific programs comprised 46 percent of revenue for governmental activities, while property taxes comprised 23 percent. Charges for services and sales comprised 8 percent of revenue for governmental activities, while operating grants and contributions comprised 18 percent of revenue for governmental activities of the School District for fiscal year 2014.

As indicated by governmental program expenses, instruction is emphasized. Regular Instruction comprised 35 percent of governmental program expenses with Special Instruction and Other Instruction comprising 8 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

	2014		2013	
	Total Cost of Services	Net Cost of Services	Total Cost of Services	Net Cost of Services
Instruction	\$ 4,687,227	\$ 3,370,877	\$ 4,264,493	\$ 3,057,980
Support Services	2,663,221	2,287,481	2,775,085	2,307,289
Operation of Non-Instructional Services	245,301	17,274	229,283	(71,686)
Extracurricular Activities	144,783	59,817	103,883	2,908
Interest and Fiscal Charges	3,649	3,334	5,850	5,391
Total Expenses	\$ 7,744,181	\$ 5,738,783	\$ 7,378,594	\$ 5,301,882

THE SCHOOL DISTRICT'S FUNDS

The fund balance of the General fund increased in the amount of \$126,080. The increase is due to revenue exceeding expenditures for fiscal year 2014.

Green Local School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
(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 2014, there were no revisions to the General fund budget. 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 \$466,947 higher than the final budget of \$6,279,913 due to increases in taxes and intergovernmental revenue. Actual expenditures plus encumbrances were higher than final budgeted appropriations in the amount of \$352,472 due to regular instruction, administration, and operating and maintenance of plant expenditures. The General fund's ending unobligated cash balance was \$904,302.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of fiscal year 2014, the School District had \$1,909,230 invested in its capital assets. Table 4 shows the fiscal year 2014 balances compared to 2013.

Table 4
 Capital Assets
 (Net of Accumulated Depreciation)

Governmental Activities		
	2014	2013*
Land and Land Improvements	\$ 186,895	\$ 193,800
Buildings and Improvements	1,127,073	1,145,199
Furniture and Equipment	544,044	586,391
Vehicles	1,986	37,980
Textbooks	49,232	41,694
Totals	\$ 1,909,230	\$ 2,005,064

* 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, textbooks, and depreciation expense. See Note 8 to the basic financial statements for more detailed information related to capital assets.

Debt

At June 30, 2014, the School District had outstanding energy conservation notes in the amount of \$76,006. See Note 13 to the basic financial statements for more detailed information related to the 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, 2014

	Governmental Activities
ASSETS:	
Current Assets:	
Equity in Pooled Cash and Cash Equivalents	\$ 1,318,838
Accounts Receivable	925
Intergovernmental Receivable	309,897
Taxes Receivable	1,962,828
Noncurrent Assets:	
Non-Depreciable Capital Assets	72,079
Depreciable Capital Assets, net	1,837,151
<i>Total Assets</i>	5,501,718
LIABILITIES:	
Current Liabilities:	
Accounts Payable	78,019
Accrued Wages and Benefits	424,924
Intergovernmental Payable	124,738
Noncurrent Liabilities:	
Long-Term Liabilities:	
Due Within One Year	108,666
Due in More Than One Year	225,381
<i>Total Liabilities</i>	961,728
DEFERRED INFLOWS OF RESOURCES:	
Property Taxes not Levied to Finance Current Year Operations	1,617,549
NET POSITION:	
Net Investment in Capital Assets	1,833,224
Restricted for Other Purposes	57,791
Restricted for Set Asides	76,930
Unrestricted	954,496
<i>Total Net Position</i>	\$ 2,922,441

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, 2014

	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	\$ 2,707,909	\$ 205,132	\$ 175,677	\$ (2,327,100)
Special	626,534	16,218	579,963	(30,353)
Vocational	23,410	658	680	(22,072)
Other	1,329,374	85,844	252,178	(991,352)
Support Services:				
Pupils	269,846	23,309	-	(246,537)
Instructional Staff	241,424	13,435	68,746	(159,243)
Board of Education	129,349	11,173	-	(118,176)
Administration	560,956	43,045	47,758	(470,153)
Fiscal	236,962	18,591	17,398	(200,973)
Operation and Maintenance of Plant	689,477	57,415	13,656	(618,406)
Pupil Transportation	535,207	40,785	20,429	(473,993)
Operation of Non-Instructional Services	245,301	36,216	191,811	(17,274)
Extracurricular Activities	144,783	45,709	39,257	(59,817)
Interest and Fiscal Charges	3,649	315	-	(3,334)
Total Governmental Activities	\$ 7,744,181	\$ 597,845	\$ 1,407,553	(\$5,738,783)
 General Revenues:				
Property Taxes Levied for:				
General Purposes				1,770,398
Grants and Entitlements not Restricted to Specific Programs				3,610,657
Gifts and Donations not Restricted to Specific Programs				3,925
Investment Earnings				1,804
Payments in Lieu of Taxes				104,400
Miscellaneous				284,850
Total General Revenues				5,776,034
Change in Net Position				37,251
Net Position Beginning of Year - As Restated, See Note 21				2,885,190
Net Position End of Year				\$ 2,922,441

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

Green Local School District
Balance Sheet
Governmental Funds
June 30, 2014

	<u>General Fund</u>	<u>All Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS:			
Equity in Pooled Cash and Cash Equivalents	\$ 1,177,937	\$ 63,971	\$ 1,241,908
Accounts Receivable	-	925	925
Interfund Receivable	141,470	-	141,470
Intergovernmental Receivable	51,884	258,013	309,897
Taxes Receivable	1,962,828	-	1,962,828
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	76,930	-	76,930
<i>Total Assets</i>	<u>\$ 3,411,049</u>	<u>\$ 322,909</u>	<u>\$ 3,733,958</u>
LIABILITIES:			
Accounts Payable	\$ 64,819	\$ 13,200	\$ 78,019
Accrued Wages and Benefits	343,322	81,602	424,924
Interfund Payable	-	141,470	141,470
Intergovernmental Payable	103,568	21,170	124,738
<i>Total Liabilities</i>	<u>511,709</u>	<u>257,442</u>	<u>769,151</u>
DEFERRED INFLOWS OF RESOURCES:			
Property Taxes not Levied to Finance Current Year Operations	1,617,549	-	1,617,549
Unavailable Revenue - Delinquent Taxes	271,056	-	271,056
Unavailable Revenue - Grants	-	17,633	17,633
<i>Total Deferred Inflows of Resources</i>	<u>1,888,605</u>	<u>17,633</u>	<u>1,906,238</u>
FUND BALANCES:			
Restricted	76,930	61,888	138,818
Committed	127,393	-	127,393
Assigned	522,390	-	522,390
Unassigned	284,022	(14,054)	269,968
<i>Total Fund Balances</i>	<u>1,010,735</u>	<u>47,834</u>	<u>1,058,569</u>
<i>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</i>	<u>\$ 3,411,049</u>	<u>\$ 322,909</u>	<u>\$ 3,733,958</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, 2014*

Total Governmental Fund Balances		\$1,058,569
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.		1,909,230
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the funds.		
Taxes	271,056	
Intergovernmental	17,633	
Total	288,689	288,689
Long-term liabilities, including 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	(258,041)	
Energy Conservation Notes	(76,006)	
Total	(334,047)	(334,047)
Net Position of Governmental Activities		\$ 2,922,441

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, 2014

	General Fund	All Other Governmental Funds	Total Governmental Funds
REVENUES:			
Property Taxes	\$ 1,755,132	\$ -	\$ 1,755,132
Intergovernmental	3,840,956	1,154,331	4,995,287
Interest	1,804	-	1,804
Tuition and Fees	500,194	-	500,194
Extracurricular Activities	23,569	37,882	61,451
Gifts and Donations	3,925	5,290	9,215
Customer Sales and Services	-	36,200	36,200
Payments in Lieu of Taxes	104,400	-	104,400
Miscellaneous	268,746	16,104	284,850
<i>Total Revenues</i>	<u>6,498,726</u>	<u>1,249,807</u>	<u>7,748,533</u>
EXPENDITURES:			
Current:			
Instruction:			
Regular	2,391,029	219,103	2,610,132
Special	187,786	465,426	653,212
Vocational	7,619	-	7,619
Other	993,798	314,672	1,308,470
Support Services:			
Pupils	285,879	-	285,879
Instructional Staff	153,920	85,317	239,237
Board of Education	129,349	-	129,349
Administration	497,382	59,667	557,049
Fiscal	210,570	21,736	232,306
Operation and Maintenance of Plant	664,885	17,061	681,946
Pupil Transportation	470,638	25,523	496,161
Operation of Non-Instructional Services	180	238,873	239,053
Extracurricular Activities	90,611	49,046	139,657
Capital Outlay	114,028	-	114,028
Debt Service:			
Principal	66,360	-	66,360
Interest	3,649	-	3,649
<i>Total Expenditures</i>	<u>6,267,683</u>	<u>1,496,424</u>	<u>7,764,107</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>231,043</u>	<u>(246,617)</u>	<u>(15,574)</u>
OTHER FINANCING SOURCES AND (USES):			
Transfers In	-	104,963	104,963
Transfers Out	(104,963)	-	(104,963)
<i>Total Other Financing Sources and (Uses)</i>	<u>(104,963)</u>	<u>104,963</u>	<u>-</u>
<i>Net Change in Fund Balances</i>	126,080	(141,654)	(15,574)
<i>Fund Balance at Beginning of Year</i>	<u>884,655</u>	<u>189,488</u>	<u>1,074,143</u>
<i>Fund Balance at End of Year</i>	<u>\$ 1,010,735</u>	<u>\$ 47,834</u>	<u>\$ 1,058,569</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, 2014*

Net Change in Fund Balances - Total Governmental Funds (\$15,574)

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 depreciation exceeded capital asset additions in the current period.

Capital Asset Additions	114,028	
Current Year Depreciation	(209,862)	
Total	(95,834)	(95,834)

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

Taxes	15,266	
Intergovernmental	17,633	
Total	32,899	32,899

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.

36,568

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.

29,792

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	49,400	
Total	49,400	49,400

Net Change in Net Position of Governmental Activities \$37,251

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, 2014

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget: Positive (Negative)
	<u>Original Budget</u>	<u>Final Budget</u>		
Total Revenues and Other Sources	\$ 6,279,913	\$ 6,279,913	\$ 6,746,860	\$ 466,947
Total Expenditures and Other Uses	<u>6,695,771</u>	<u>6,695,771</u>	<u>7,048,243</u>	<u>(352,472)</u>
Net Change in Fund Balance	(415,858)	(415,858)	(301,383)	114,475
Fund Balance, July 1, 2013	818,815	818,815	818,815	-
Prior Year Encumbrances Appropriated	<u>386,870</u>	<u>386,870</u>	<u>386,870</u>	<u>-</u>
Fund Balance, June 30, 2014	<u>\$ 789,827</u>	<u>\$ 789,827</u>	<u>\$ 904,302</u>	<u>\$ 114,475</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, 2014

	<u>Private Purpose Trust Fund</u>	<u>Agency Fund</u>
ASSETS:		
Equity in Pooled Cash and Cash Equivalents	<u>\$ 5,500</u>	<u>\$ 6,638</u>
LIABILITIES:		
Undistributed Monies	<u>-</u>	<u>\$ 6,638</u>
NET POSITION:		
Held in Trust for Scholarships	<u>5,500</u>	
<i>Total Net Position</i>	<u>\$ 5,500</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, 2014

	Private Purpose Trust Fund
ADDITIONS:	
Gifts and Contributions	<u>\$ 7,000</u>
<i>Total Additions</i>	7,000
DEDUCTIONS:	
Payments in Accordance with Trust Agreements	<u>10,500</u>
Change in Net Position	(3,500)
<i>Net Position Beginning of Year</i>	<u>9,000</u>
<i>Net Position End of Year</i>	<u><u>\$ 5,500</u></u>

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

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Green Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

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 29 non-certificated employees and 48 certificated full-time teaching personnel and 6 administrative employees who provide services to 562 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 six organizations, four of which are defined as jointly governed organizations, one as a public entity shared risk pool, and one as an insurance purchasing 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, the Southern Ohio Academy, the Optimal Health Initiatives Consortium, and the Ohio SchoolComp Workers' Compensation Group Rating Plan. 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, 2014

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, 2014

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, 2014

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

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, 2014. 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 and grants 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 and grants 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, 2014

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 2014, the School District's investments were limited to funds invested in the State Treasury Assets Reserve of Ohio (STAROhio) and a Money Market Account. 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, 2014.

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 2014 amounted to \$1,804 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. The School District's certificates of deposit are reported on the financial statements as equity in pooled cash and 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, 2014

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	15-40 years
Buildings and Improvements	10-40 years
Furniture and Equipment	5-20 years
Vehicles	4-8 years
Textbooks	7 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, 2014

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 \$134,721 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, 2014

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, 2014, the Lunchroom, Public School Preschool, Title I, and the Title II-A Special Revenue Funds had fund balance deficits of \$6,961, \$1,709, \$532, and \$4,852, 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, 2014

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	\$ 126,080
Revenue Accruals	400,629
Expenditure Accruals	(567,215)
Perspective Difference:	
Activity of Funds Reclassed for GAAP Reporting Purposes	(54,860)
Encumbrances	<u>(206,017)</u>
Budget Basis	<u>\$ (301,383)</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, 2014

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. 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
9. 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, 2014, the School District's bank balance of \$1,226,707 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 STAROhio 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, 2014

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

	Fair/Carrying Value	Weighted Average Maturity (Yrs.)
Money Market	\$ 101,818	0
STAROhio	71,524	0
	\$ 173,342	

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 their investments to STAROhio and a Money Market account. Investments in STAR Ohio and the Money Market account 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 have an investment policy which allows investments as outlined in the sections of Chapter 135 of the Ohio Revised Code, at a price not exceeding their fair market value. The School District has invested 59 percent in Money Markets and 41 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 2014 represents collections of calendar year 2013 taxes. Real property taxes received in calendar year 2014 were levied after April 1, 2013, on the assessed value listed as of January 1, 2013, 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 2014 represents collections of calendar year 2013 taxes. Public utility real and tangible personal property taxes received in calendar year 2014 became a lien on December 31, 2012, were levied after April 1, 2013, and are collected in 2014 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, 2014

NOTE 6 - PROPERTY TAXES (continued)

The assessed values upon which fiscal year 2014 taxes were collected are:

	2013 Second- Half Collections		2014 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$ 58,560,080	85.64%	\$ 62,086,600	85.83%
Public Utility	9,821,840	14.36%	10,252,380	14.17%
Total Assessed Value	\$ 68,381,920	100.00%	\$ 72,338,980	100.00%
 Tax rate per \$1,000 of assessed valuation	\$ 25.07		\$ 32.32	

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, 2014, are available to finance fiscal year 2014 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, 2014 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, 2014, was \$74,223 in the General Fund.

NOTE 7 - RECEIVABLES

Receivables at June 30, 2014, 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	\$ 51,884
Non-Major Special Revenue Funds:	
Lunch Room	12,855
Public School Preschool	37,795
Voc Ed Enhancements	5,613
Race to the Top	2,369
Title VI-B	42,681
School Improvement	124,310
Title I	24,760
Teacher Quality	7,630
Total Non-Major Special Revenue Funds	258,013
Total All Funds/Governmental Activities	\$ 309,897

Green Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

NOTE 8 - CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2014, was as follows:

	<u>Ending Balance</u> 6/30/2013*	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u> 6/30/2014
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	4,796,699	31,202	-	4,827,901
Furniture and Equipment	1,910,285	75,288	-	1,985,573
Vehicles	469,893	-	-	469,893
Textbooks	463,425	7,538	-	470,963
Total Capital Assets, Being Depreciated	<u>8,015,188</u>	<u>114,028</u>	<u>-</u>	<u>8,129,216</u>
Less Accumulated Depreciation				
Land Improvements	(253,165)	(6,905)	-	(260,070)
Buildings and Improvements	(3,651,500)	(49,328)	-	(3,700,828)
Furniture and Equipment	(1,323,894)	(117,635)	-	(1,441,529)
Vehicles	(431,913)	(35,994)	-	(467,907)
Textbooks	(421,731)	-	-	(421,731)
Total Accumulated Depreciation	<u>(6,082,203)</u>	<u>(209,862)</u>	<u>-</u>	<u>(6,292,065)</u>
Total Capital Assets, Being Depreciated, Net	<u>1,932,985</u>	<u>(95,834)</u>	<u>-</u>	<u>1,837,151</u>
Governmental Activities Capital Assets, Net	<u>\$ 2,005,064</u>	<u>\$ (95,834)</u>	<u>\$ -</u>	<u>\$ 1,909,230</u>

* As restated, see Note 21 for additional information.

Depreciation expense was charged to government functions as follows:

Regular Instruction	\$ 113,654
Special Instruction	1,078
Vocational Instruction	15,791
Other Instruction	20,514
S.S. Administration	2,972
S.S. Operation and Maintenance of Plant	7,728
S.S. Pupil Transportation	37,520
Operation of Non-Instructional Services	5,126
Extracurricular Activities	5,479
	<u>\$ 209,862</u>

Green Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

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 2014, 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)	\$21,627,524
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 participates in the Optimal Health Initiatives Consortium (the “Consortium”), a public entity shared risk pool (Note 15), consisting of school districts whose self-insurance programs for health care benefits were administered previously under the Scioto County Schools Council of Governments, the Northern Buckeye Education Council, and the Butler Health Plan. Monthly premiums are paid to the fiscal agent who in turn pays the claims on the School District’s behalf.

For fiscal year 2014, the School District participated in the Ohio SchoolComp Workers’ Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 15). The intent of the GRP is to achieve the benefit of a reduce premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers’ compensation experience of the participants is calculated as one experience and a common premium rate is applied to all participants in the GRP. Each participant pays its workers’ compensation premium to the State based on the rate for the GRP rather than its individual rate. Participation in the GRP is limited to participants that can meet the GRP’s selection criteria. The firm of CompManagement, Inc. provides administrative, cost control and actuarial services to the GRP. Each year, the School District pays an enrollment fee to the GRP to cover the costs of administering the program.

NOTE 10 - DEFINED BENEFIT PENSION PLANS

School Employees Retirement System

The School District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement, disability, and survivor benefits; annual cost-of-living adjustments; and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by State statute per Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report can be obtained on SERS’ website, at www.ohsers.org, under *Employer/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 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 2014, 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, 2014, 2013 and 2012 were \$130,410, \$119,776, and \$137,280, respectively; 78 percent has been contributed for fiscal year 2014 and 100 percent for the fiscal years 2013 and 2012. \$29,015 represents the unpaid contribution for fiscal year 2014 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, 2014

NOTE 10 - DEFINED BENEFIT PENSION PLANS (continued)

State Teachers Retirement System

State Teachers Retirement System of Ohio (STRS Ohio) is 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 9.5 percent of earned compensation among various investment choices. The Combined Plan offers features of 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 DB Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Eligible members who do not make a choice during the reselection period will permanently remain under their current 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 for 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 9.5% 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 – For members who select the Combined Plan, 10% of the 11% member contribution rate is deposited in the member’s defined contribution account and the remaining amount is applied to the DB Plan. 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, 2014

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.

The DB 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 DB or Combined Plan member with five or more years' credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. A death benefit of \$1,000 is payable to the beneficiary of each deceased retired member who participated in the DB 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 14% for members and 14% for employers.

For the fiscal year ended June 30, 2014, plan members were required to contribute 11% of their annual covered salaries. For fiscal years 2013 and 2012, 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 allocated for pension benefits. The School District's contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2014, 2013, and 2012 were \$304,398, \$338,201, and \$310,389, respectively; 84 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012. \$47,346 represents the unpaid contribution for fiscal year 2014 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.

Effective July 1, 2014, plan members will be required to contribute 12% of their annual covered salaries.

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, 2014, 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, 2014

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 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 Annual Financial Report by visiting www.strsoh.org or by requesting a copy by calling toll free (888) 227-7877.

Under Ohio law, funding for post-employment health care may be deducted from employer contributions. Of the 14 percent contribution rate, 1 percent of covered payroll was allocated to post-employment health care for the years ended June 30, 2014, 2013 and 2012. The 14 percent employer contribution rate is the maximum rate established under Ohio law. For the School District, these amounts equaled \$24,728, \$25,678, and \$24,420, for fiscal years 2014, 2013, and 2012, 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 of Ohio (SERS) administers two postemployment 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 2014 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 if they participated in one of SERS' health care plans.

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 2014, 2013, and 2012, the actuarially required allocations were 0.76 percent, 0.74 percent, and 0.75 percent, respectively. For the School District, contributions for the years ended June 30, 2014, 2013, and 2012, were \$8,161, \$7,592, and \$7,452, 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 HMOs, PPOs, 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, 2014

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, 2014, 2013, and 2012, the health care allocations were 0.14 percent, 0.16 percent, and 0.55 percent. 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 2014, the minimum compensation level was established at \$20,250. 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 2014, 2013, and 2012 fiscal years equaled \$13,822, \$14,429, and \$24,084, 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 *Employer/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 260 days for classified personnel and 275 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.

Green Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

NOTE 13 - LONG-TERM LIABILITIES

The changes in the School District's long-term liabilities during fiscal year 2014 were as follows:

	Principal Outstanding 06/30/13	Additions	Deductions	Principal Outstanding 06/30/14	Due in One Year
Compensated Absences	\$ 307,441	\$ 294,444	\$ 343,844	\$ 258,041	\$ 71,149
Energy Conservation Notes	112,574	-	36,568	76,006	37,517
Capital Lease	29,792	-	29,792	-	-
Total Long-Term Obligations	<u>\$ 449,807</u>	<u>\$ 294,444</u>	<u>\$ 410,204</u>	<u>\$ 334,047</u>	<u>\$ 108,666</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 with the final payment occurring in 2014.

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 \$6,434,502 with an unvoted debt margin of \$72,339 at June 30, 2014.

Principal and interest requirements to retire Energy Conservation Notes outstanding at June 30, 2014 are as follows:

Fiscal Year Ending June 30,	<u>Energy Conservation Notes</u>	
	<u>Principal</u>	<u>Interest</u>
2015	37,517	1,971
2016	38,489	998
Total	<u>\$76,006</u>	<u>\$2,969</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 59 public education entities, 60 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 \$64,899 for services provided during fiscal year 2014. Financial information for SCOCA COG can be obtained from Sandee Benson, P.O. Box 596, 175 Beaver Creek, Suite 2, 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, 2014

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.

Southern Ohio Academy - The School District is a participant in the Southern Ohio Academy, a jointly governed, non-profit corporation established pursuant to Ohio Rev. Code Chapters 3314 and 1702 to address the needs of students in grades seven through twelve. The Academy operates under the direction of a nine-member Board of Directors. The Board membership consists of superintendents from Bloom Vernon, Clay, Green, Manchester, Minford, Northwest, Oak Hill, Valley, Washington Nile, and Wheelersburg school districts. Because ORC requires an odd number of members, the Board has determined that Board membership will rotate annually with one school district not being represented each year. The Academy was formed to offer students a non-traditional approach for reaching educational goals and to enhance and facilitate student learning among nontraditional student populations while utilizing a variety of innovative resources and educational strategies, which are customized to meet the needs of individual students. The Board exercises total control over the operations of the Academy including budgeting, appropriating, contracting and designating management. Each School District's degree of control is limited to its representation on the Board. Financial information can be obtained from Andrew T. Riehl, fiscal agent for the Southern Ohio Academy, at the South Central Ohio Educational Service Center, 522 Glenwood Avenue, New Boston, Ohio 45662, or by calling 740-354-0234.

NOTE 15 - PUBLIC ENTITY SHARED RISK POOL AND INSURANCE PURCHASING POOL

Optimal Health Initiatives Consortium

The School District is a member of the Optimal Health Initiatives Consortium (the "Consortium"), a public entity shared risk pool, consisting of school districts whose self-insurance programs for health care benefits were administered previously under the Scioto County Schools Council of Governments, the Northern Buckeye Education Council, and the Butler Health Plan. The overall objective of the Consortium is to enable its members to purchase employee benefits and related products and services using the Consortium's economies of scale to create cost-savings. The Consortium's business and affairs are managed by an Executive Board of Trustees, consisting of the chairperson of each division's board of trustees and the chairperson of the Butler Health Plan. The participants pay an administrative fee to the fiscal agent to cover the costs of administering the Consortium. To obtain financial information, write to the fiscal agent, Jennifer Jostworth, CoWorth Financial Services at 10999 Reed Hartman Highway, Suite 304-E, Cincinnati, Ohio 45242.

Ohio SchoolComp Workers' Compensation Group Rating Plan

The School District participates in the Ohio SchoolComp Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. The Ohio School Board Association (OSBA) and the Ohio Association of School Business Officials (OASBO) co-sponsor the GRP. The Executive Directors of the OSBA and the OASBO, or their designees, serve as coordinators of the program.

Green Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

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.

	<u>Capital Acquisition</u>
Set-aside Reserve Balance as of June 30, 2013	\$ 56,962
Current Year Set-aside Requirement	96,117
Current Year Qualifying Expenditures	<u>(76,149)</u>
Set-aside Reserve Balance as of June 30, 2014	<u>\$ 76,930</u>

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, 2014, 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. The final payment for the leases occurred during 2014.

Green Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

NOTE 19 – INTERFUND ACTIVITY

Interfund Transfers

Transfers made during the year ended June 30, 2014, were as follows:

	<u>Transfer From</u>	<u>Transfer To</u>
Major Fund:		
General	\$104,963	\$0
Non Major Funds:		
Public School Preschool	0	2,038
School Improvement Grant	0	20,833
Title I	0	35,544
Title IV-B	0	21,647
Race to the Top	0	5,740
Improving Teacher Quality	0	19,161
Total Non Major Funds	0	104,963
Total All Funds	\$104,963	\$104,963

Transfers were made to move unrestricted balances to support programs and projects accounted for in other funds.

Interfund Advances

Interfund balances at June 30, 2014, consists of the following individual fund receivables and payables, which are expected to be repaid during the 2015 fiscal year:

<u>Interfund Loans</u>	<u>Receivable</u>	<u>Payable</u>
General Fund	\$141,470	\$0
Non-major Special Revenue Funds:		
Lunchroom	0	12,856
Public School Preschool	0	19,406
Title VI-B	0	23,147
School Improvement Grant	0	83,045
Title I	0	3,016
Total Non-major Special Revenue Funds	0	141,470
Total Interfund Receivables/Payables	\$141,470	\$141,470

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, 2014

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			
Other Purposes	\$ -	\$ 22,204	\$ 22,204
Athletics	-	39,684	39,684
Capital Maintenance	<u>76,930</u>	<u>-</u>	<u>76,930</u>
Total Restricted	<u>76,930</u>	<u>61,888</u>	<u>138,818</u>
Committed to			
Termination Benefits	<u>127,393</u>	<u>-</u>	<u>127,393</u>
Total Committed	127,393	-	127,393
Assigned to			
FY15 Appropriations in Excess of			
Estimate Receipts	291,850	-	291,850
Other Purposes	<u>230,540</u>	<u>-</u>	<u>230,540</u>
	522,390	-	522,390
Unassigned (Deficit)	<u>284,022</u>	<u>(14,054)</u>	<u>269,968</u>
Total Fund Balances	<u>\$ 1,010,735</u>	<u>\$ 47,834</u>	<u>\$ 1,058,569</u>

Green Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

NOTE 21 – CHANGES IN ACCOUNTING PRINCIPLES/PRIOR PERIOD ADJUSTMENT

For 2014, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 66, “Technical Corrections – 2012 – An Amendment of GASB Statements No. 10 and No. 62,” GASB Statement No. 69, “Government Combinations and Disposals of Government Operations,” and GASB Statement No. 70, “Accounting and Financial Reporting for Nonexchange Financial Guarantees.”

Statement No. 66 resolves conflicting guidance that resulted from the issuance of two pronouncements, Statements No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, and No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*.

This Statement amends Statement No. 10, *Accounting and Financial Reporting for Risk Financing and Related Insurance Issues*, by removing the provision that limits fund-based reporting of an entity’s risk financing activities to the general fund and the internal service fund type. As a result, governments should base their decisions about fund type classification on the nature of the activity to be reported, as required in Statement 54 and Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*.

This Statement also amends Statement 62 by modifying the specific guidance on accounting for (1) operating lease payments that vary from a straight-line basis, (2) the difference between the initial investment (purchase price) and the principal amount of a purchased loan or group of loans, and (3) servicing fees related to mortgage loans that are sold when the stated service fee rate differs significantly from a current (normal) servicing fee rate. These changes clarify how to apply Statement No. 13, *Accounting for Operating Leases with Scheduled Rent Increases*, and result in guidance that is consistent with the requirements in Statement No. 48, *Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues*, respectively.

Statement No. 69 establishes accounting and financial reporting standards related to government combinations and disposals of government operations. As used in this Statement, the term *government combinations* includes a variety of transactions referred to as mergers, and transfers of operations.

Statement No. 70 improves accounting and financial reporting by state and local governments that extend and receive non exchange financial guarantees. This statement requires a government that extends a nonexchange financial guarantee to recognize a liability when qualitative factors and historical data, if any, indicate that it is more likely than not that the government will be required to make a payment on the guarantee.

The implementation of GASB Statements No. 66, 69, and 70 had no effect on the financial statements.

During the current fiscal year, the School District performed a review of the detail additions and depreciation calculations of their capital assets. The evaluation resulted in changes which increased the beginning net position in the amount of \$119,057 from \$2,766,133 to \$2,885,190.

Green Local School District
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

NOTE 22 – ENCUMBRANCE COMMITMENTS

At June 30, 2014, the School District had significant encumbrance commitments in governmental funds as follows:

<u>Fund</u>	<u>Amount</u>
Major Fund:	
General	\$207,552
Non-Major Funds:	
Public School Preschool	10,789
School Improvement Grant	<u>33,181</u>
Total Non-Major Funds	<u>43,970</u>
Total Encumbrances	<u><u>\$251,522</u></u>

NOTE 23 – COMPLIANCE

Ohio Rev. Code Section 5705.40 states that any appropriation ordinance or measure may be amended or supplemented, provided that such amendment or supplement shall comply with all provisions of law governing the taxing authority in making an original appropriation and that no appropriation for any purpose shall be reduced below an amount sufficient to cover all unliquidated and outstanding contracts or obligations certified from or against the appropriation. The School District amended its appropriations at the end of the year; however, this amendment was not approved by the Board of Education until July 22, 2014.

Ohio Rev. Code Section 5705.41(B) prohibits a subdivision or taxing authority from expending money unless it is appropriated. At June 30, 2014, expenditures exceeded appropriations in the General, School Improvement Grants, and Title I Grants to Local Educational Agencies Funds.

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**GREEN LOCAL SCHOOL DISTRICT
SCIOTO COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

FEDERAL GRANTOR/ Pass Through Grantor Program Title	Grant Year	Federal CFDA Number	Receipts	Disbursements
<u>U.S. DEPARTMENT OF AGRICULTURE</u>				
<i>Passed Through Ohio Department of Education:</i>				
Child Nutrition Cluster:				
School Breakfast Program	2013/2014	10.553	\$ 49,159	\$ 49,159
National School Lunch Program	2013/2014	10.555	<u>88,258</u>	<u>88,258</u>
Total Child Nutrition Cluster			<u>137,417</u>	<u>137,417</u>
Total U.S. Department of Agriculture			137,417	137,417
<u>U.S. DEPARTMENT OF EDUCATION</u>				
<i>Passed Through Ohio Department of Education:</i>				
Title I Grants to Local Educational Agencies	2013	84.010	76,974	61,804
	2014		<u>207,867</u>	<u>232,627</u>
Total Title I Grants to Local Educational Agencies			284,841	294,431
Special Education - Grants to States (IDEA, Part B)	2013	84.027	17,658	16,245
	2014		<u>93,389</u>	<u>136,070</u>
Total Special Education - Grants to States (IDEA, Part B)			111,047	152,315
School Improvement Grants Cluster:				
School Improvement Grants	2013	84.377	55,112	44,018
	2014		<u>303,055</u>	<u>403,483</u>
Total School Improvement Grants			358,167	447,501
ARRA - School Improvement Grants	2013	84.388	<u>12,496</u>	<u>15,147</u>
Total School Improvement Grants Cluster			370,663	462,648
Improving Teacher Quality State Grants	2013	84.367	5,802	8,036
	2014		<u>43,974</u>	<u>51,604</u>
Total Improving Teacher Quality State Grants			49,776	59,640
ARRA - Race to the Top	2013	84.395	6,666	6,609
	2014		<u>30,008</u>	<u>32,733</u>
Total ARRA - Race to the Top			<u>36,674</u>	<u>39,342</u>
Total U.S. Department of Education			<u>853,001</u>	<u>1,008,376</u>
Total Federal Awards Receipts and Expenditures			<u>\$ 990,418</u>	<u>\$ 1,145,793</u>

The accompanying notes to the Schedule of Federal Awards Receipts and Expenditures are an integral part of this Schedule.

**GREEN LOCAL SCHOOL DISTRICT
SCIOTO COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2014**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - CHILD NUTRITION CLUSTER

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



Dave Yost • Auditor of State

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

Green Local School District
Scioto County
4070 Gallia Pike
Franklin Furnace, Ohio 45629

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, the major fund, and the aggregate remaining fund information of Green Local School District, Scioto County, Ohio (the School District), as of and for the year ended June 30, 2014, 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 April 24, 2015.

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.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Therefore, unidentified material weaknesses or significant deficiencies may exist. However, as described in the accompanying Schedule of Findings we identified a certain deficiency in internal control over financial reporting, that we consider a material weakness.

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 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. We consider findings 2014-001 and 2014-003 described in the accompanying Schedule of Findings to be material weaknesses.

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 instances of noncompliance or other matters we must report under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 2014-001 and 2014-002.

Entity's Response to Findings

The Entity's responses to the findings identified in our audit are described in the accompanying Schedule of Findings. We did not audit the Entity's responses and, accordingly, we express no opinion on them.

Purpose of the 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.



Dave Yost
Auditor of State

Columbus, Ohio

April 24, 2015



Dave Yost • Auditor of State

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

Green Local School District
Scioto County
4070 Gallia Pike
Franklin Furnace, Ohio 45629

To the Board of Education:

Report on Compliance for Each Major Federal Program

We have audited the Green Local School District's, Scioto County, Ohio (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 each of the Green Local School District's major federal programs for the year ended June 30, 2014. The *Summary of Audit Results* in the accompanying Schedule of Findings identifies the School District's major federal programs.

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 programs.

Auditor's Responsibility

Our responsibility is to opine on the School District's compliance for each of the School District's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the 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 programs. However, our audit does not provide a legal determination of the School District's compliance.

Basis for Qualified Opinion on School Improvement Grants Cluster

As described in finding 2014-005 in the accompanying Schedule of Findings, the School District did not comply with requirements regarding Procurement and Suspension and Debarment applicable to its School Improvement Grants Cluster major federal program. Compliance with this requirement is necessary, in our opinion, for the School District to comply with requirements applicable to this program.

Qualified Opinion on School Improvement Grants Cluster

In our opinion, except for the noncompliance described in the *Basis for Qualified Opinion on School Improvement Grants Cluster* paragraph, the Green Local School District complied, in all material respects, with the requirements referred to above that could directly and materially affect its School Improvement Grants Cluster for the year ended June 30, 2014.

Unmodified Opinion on the Other Major Federal Program

In our opinion, Green Local School District complied in all material respects with the requirements referred to above that could directly and materially affect its other major federal program identified in the *Summary of Auditor's Results* section of the accompanying Schedule of Findings for the year ended June 30, 2014.

Other Matters

The results of our auditing procedures disclosed an instance of noncompliance which OMB Circular A-133 requires us to report, described in the accompanying Schedule of Findings as item 2014-004. This finding did not require us to modify our compliance opinion on each major federal program.

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

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 each 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.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Therefore, we cannot assure we have identified all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a material weakness.

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's 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 a 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. We consider the deficiency in internal control over compliance described in the accompanying Schedule of Findings as item 2014-005 to be a material weakness.

The School District's response to our internal control over compliance finding is described in the accompanying Schedule of Findings and Corrective Action Plan. We did not audit the School District's response and, accordingly, we express no opinion on it.

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



Dave Yost
Auditor of State

Columbus, Ohio

April 24, 2015

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**GREEN LOCAL SCHOOL DISTRICT
SCIOTO COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
JUNE 30, 2014**

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)?	Yes
(d)(1)(ii)	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	Yes
(d)(1)(iv)	Were there any significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified - Title I Grants to Local Educational Agencies: CFDA #84.010 Modified - School Improvement Grants Cluster: CFDA #84.377 and #84.388
(d)(1)(vi)	Are there any reportable findings under §.510(a)?	Yes
(d)(1)(vii)	Major Programs (list):	Title I Grants to Local Educational Agencies: CFDA #84.010 School Improvement Grants Cluster: CFDA #84.377 and #84.388
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

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

FINDING NUMBER 2014-001

Noncompliance/Material Weakness

Ohio Rev. Code Section 5705.40 states, in part, that any appropriation ordinance or measure may be amended or supplemented, provided that such amendment or supplement shall comply with all provisions of law governing the taxing authority in making an original appropriation and that no appropriation for any purpose shall be reduced below an amount sufficient to cover all unliquidated and outstanding contracts or obligations certified from or against the appropriation.

The School District amended its appropriations at the end of the year; however, this amendment was not approved by the Board of Education until July 22, 2014, which made them invalid as approved appropriations for fiscal year ending June 30, 2014. Lack of proper and timely approval of appropriation amendments could lead to improper spending or noncompliance with Ohio Revised Code Sections. Further, this resulted in Final Budget amounts being adjusted on the School District's budgetary statement presentations to agree to the Original Budget amounts.

We recommend all appropriation amendments be approved by the Board of Education in a timely manner. We further recommend final appropriation measures be approved prior to the fiscal year end.

Officials' Response:

The Treasurer will strive to correct this for future audits. Final appropriations will be approved by the Board of Education and filed with the County Auditor prior to fiscal year end.

FINDING NUMBER 2014-002

Noncompliance

Ohio Rev. Code, Section 5705.41(B), prohibits a subdivision or taxing authority from expending money unless it is appropriated.

At June 30, 2014, expenditures exceeded appropriations as follows:

Fund	Appropriations and Prior Year Reserve for Encumbrances	Budgetary Basis Expenditures	Variance
General Fund	\$6,695,771	\$7,048,243	(\$352,472)
School Improvement Grants	18,784	495,830	(477,046)
Title I Grants to Local Educational Agencies	132,115	308,231	(176,116)

This could result in overspending if not properly monitored.

We recommend the Treasurer monitor budget versus actual expenditures throughout the year. We further recommend the Board of Education amend appropriations according to Ohio Rev. Code requirements as necessary when it is determined that expenditures will exceed amounts appropriated.

**FINDING NUMBER 2014-002
(Continued)**

Officials' Response:

The Treasurer will strive to correct this for future audits. Budget versus actual expenditures will be monitored throughout the year and the Board of Education will be requested to amend appropriations if it becomes apparent that expenditures will exceed amounts appropriated.

FINDING NUMBER 2014-003

Material Weakness

All local public offices shall maintain an accounting system and accounting records sufficient to enable the public office to identify, assemble, analyze, classify, record and report its transactions, maintain accountability for the related assets (and liabilities, if generally accepted accounting principles apply), document compliance with finance-related legal and contractual requirements and prepare financial statement.

Sound financial reporting is the responsibility of the Treasurer and Board of Education and is essential to ensure the information provided to the readers of the financial statements is complete and accurate.

The following items were misposted or misclassified in the annual financial report submitted to the Auditor of State for fiscal year 2014. These misstatements had the following effect on the School District's financial statements:

- Interfund Payable and Interfund Receivable amounts were overstated by \$97,800 as a result of advances being made from the General Fund to Other Governmental Funds which did not have sufficient resources to repay the balance.
- An amount of \$291,850 was not assigned in the General Fund for the amount by which Fiscal Year 2015 appropriations exceeded Fiscal Year 2015 estimated receipts.
- Net Investment in Capital Assets was overstated in an amount of \$209,862 which resulted in Unrestricted Net Position being understated by the same amount.
- Final budgeted revenues were adjusted to reflect the last amended certificate passed before year end in the amount of \$466,947. The amounts originally reported in the financial statements were approved by the Board on September 17, 2013.

This resulted in audit adjustments and reclassifications to the financial statements. To ensure the School District's financial statements and notes to the financial statements are complete and accurate, the School District should adopt policies and procedures, including a final review of the statements and footnotes by the Treasurer and Board of Education to identify and correct errors and omissions.

We also recommend the Treasurer take care in posting transactions in order to ensure the year-end financial statements reflect the appropriate activity for the School District's receipts and expenditures.

Officials' Response:

The School District will strive to correct this for future audits. The Treasurer will monitor grant monies and fund balances closely to ensure amounts advanced (if any) are only made to funds with sufficient resources to repay the advance. Final appropriations will be approved by the Board of Education and filed with the County Auditor prior to fiscal year end.

3. FINDINGS FOR FEDERAL AWARDS

FINDING NUMBER 2014-004

Finding Number	2014-004
CFDA Title and Number	Title I Grants to Local Educational Agencies – CFDA # 84.010 School Improvement Grants Cluster – CFDA #84.377 and #84.388
Federal Award Number / Year	2013/2014
Federal Agency	U.S. Department of Education
Pass-Through Agency	Ohio Department of Education

Noncompliance Citation – Single Audit Filing

OMB Circular Number A-133, Subpart C, Section __.300(a) requires the auditee to identify in its accounts, all Federal awards received and expended and the federal programs under which they were received. Federal program and award identification shall include, as applicable, the CFDA title and number, award number and year, name of the Federal agency, and name of the pass-through entity.

Furthermore, OMB Circular Number A-133, Subpart B, Section __.200(a) requires that non-federal entities that expend \$500,000 or more in a year in Federal awards shall have a single or program-specific audit conducted annually. Subpart C, Section __.300(e) also requires the auditee to ensure that the audits required by this part are properly performed and submitted when due (within nine months of the fiscal year end).

Although an annual federal single audit for the year ended June 30, 2013 was performed, it was not submitted to the Single Audit Clearinghouse before the deadline of March 30, 2014. Further, although an annual federal single audit for the year ended June 30, 2014 was performed, it was not submitted to the Single Audit Clearinghouse before the deadline of March 30, 2015.

We recommend the School District submit the annual financial report to the Single Audit Clearinghouse within nine months of the fiscal year end.

Officials’ Response:

The Treasurer is aware of this filing requirement and will comply with this requirement in the future.

FINDING NUMBER 2014-005

Finding Number	2014-005
CFDA Title and Number	School Improvement Grants Cluster – CFDA #84.377 and #84.388
Federal Award Number / Year	2013/2014
Federal Agency	U.S. Department of Education
Pass-Through Agency	Ohio Department of Education

Noncompliance Finding/Material Weakness – Procurement and Suspension and Debarment

2 C.F.R. part 180 contains suspension and debarment requirements which implement Executive Orders 12549 and 12689. These requirements prohibit non-federal entities from contracting with or making subawards under covered transactions to parties that are suspended or debarred or whose principals are suspended or debarred. “Covered transactions” include those procurement contracts for goods and services awarded under a non-procurement transaction (e.g., grant or cooperative agreement) that are expected to equal or exceed \$25,000 or meet certain other specified criteria. 2 C.F.R. Section 180.220 of the government wide non-procurement debarment and suspension guidance contains those additional limited circumstances. All non-procurement transactions (i.e., subawards to subrecipients), irrespective of award amount, are considered covered transactions.

When a non-federal entity enters into a covered transaction with an entity at a lower tier, the non-federal entity must verify that the entity is not suspended or debarred or otherwise excluded. This verification may be accomplished by checking the *Excluded Parties List System (EPLS)* maintained by the General Services Administration (GSA), collecting a certification from the entity, or adding a clause or condition to the covered transaction with that entity (2 C.F.R. Section 180.300).

In addition to the requirements above, federal procurement guidelines also state that price quotes should be obtained from an adequate number of sources for any type of small purchases (which are defined by the federal government as less than \$150,000 or the state's bidding threshold).

The School District entered into one contract using School Improvement Cluster monies in which expenditures totaled \$153,406 for purchased services. The EPLS database was not checked for the vendor. The School District did not obtain any type of price quotes for expenditures with various vendors in the amount of \$67,343.

Without obtaining quotes from an adequate number of sources, it would be difficult to determine if the School District received the best price for the services rendered or goods purchased. Also, by not checking the Excluded Party Listing, the School District could risk awarding a contract to a vendor which has been suspended or debarred.

**FINDING NUMBER 2014-005
(Continued)**

We recommend the School District perform a search on the Excluded Parties List System before awarding any contracts with federal funds. We further recommend the School District establish procedures to perform a verification check for covered transactions by checking the EPLS and maintaining support on file for the verification, collecting a certification from the entity, or adding a clause or condition to the covered transaction with the entity whenever purchases are being made from federal grant funds. In addition, we recommend the School District develop a single process (policy) requiring competitive quotes or bids before obtaining goods or services with federal funds so that limited financial resources can be used more effectively to deliver educational services.

Officials' Response:

The Treasurer is aware of Federal procurement guidelines and requirements and understands the EPLS database must be checked for suspended or debarred vendors when awarding contracts with Federal funds. The Treasurer is now performing these verification checks. Further, the Treasurer will develop a process requiring competitive quotes or bids be obtained and maintained on file before purchasing goods or services with federal funds.

GREEN LOCAL SCHOOL DISTRICT
SCIOTO COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A-133 § .315(B)
JUNE 30, 2014

Finding Number	Finding Summary	Fully Corrected?	Not Corrected; Partially Corrected; Significantly Difference Corrective Action Taken; or Finding No Longer Valid; Explain
2013-01	Significant deficiency regarding financial reporting.	No	Not Corrected. Similar item issued as Finding Number 2014-003.

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**GREEN LOCAL SCHOOL DISTRICT
SCIOTO COUNTY**

**CORRECTIVE ACTION PLAN
OMB CIRCULAR A-133 § .315(c)
JUNE 30, 2014**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2014-001	The Treasurer will strive to correct this for future audits. Final appropriations will be approved by the Board of Education and filed with the County Auditor prior to fiscal year end.	FY 2015	Brodie Merrill, Treasurer
2014-002	The Treasurer will strive to correct this for future audits. Budget versus actual expenditures will be monitored throughout the year and the Board of Education will be requested to amend appropriations if it becomes apparent that expenditures will exceed amounts appropriated.	FY 2015	Brodie Merrill, Treasurer
2014-003	The School District will strive to correct this for future audits. The Treasurer will monitor grant monies and fund balances closely to ensure amounts advanced (if any) are only made to funds with sufficient resources to repay the advance. Final appropriations will be approved by the Board of Education and filed with the County Auditor prior to fiscal year end.	FY 2015	Brodie Merrill, Treasurer
2014-004	The Treasurer is aware of this filing requirement and will comply with this requirement in the future.	FY 2015	Brodie Merrill, Treasurer
2014-005	The Treasurer is aware of Federal procurement guidelines and requirements and understands the EPLS database must be checked for suspended or debarred vendors when awarding contracts with Federal funds. The Treasurer is now performing these verification checks. Further, the Treasurer will develop a process requiring competitive quotes or bids be obtained and maintained on file before purchasing goods or services with federal funds.	FY 2015	Brodie Merrill, Treasurer

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT ON APPLYING AGREED-UPON PROCEDURES

Green Local School District
Scioto County
4070 Gallia Pike
Franklin Furnace, Ohio 45629

To the Board of Education:

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

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

1. In the report dated January 28, 2014, it was 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. The Board amended the policy on February 3, 2014. We read the amended policy, noting it now includes all the requirements listed in Ohio Rev. Code 3313.666.

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 "Dave Yost".

Dave Yost
Auditor of State

Columbus, Ohio

April 24, 2015

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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
MAY 12, 2015**