



Dave Yost • Auditor of State

**EVERGREEN LOCAL SCHOOL DISTRICT
FULTON COUNTY**

TABLE OF CONTENTS

| TITLE | PAGE |
|---|------|
| Independent Auditor's Report | 1 |
| Management's Discussion and Analysis..... | 3 |
| Basic Financial Statements: | |
| Government-Wide Financial Statements: | |
| Statement of Net Position - Cash Basis..... | 9 |
| Statement of Activities – Cash Basis | 10 |
| Fund Financial Statements: | |
| Statement of Assets and Fund Cash Balances - Governmental Funds | 11 |
| Statement of Cash Basis Receipts, Disbursement and Changes In Cash Basis Fund Balances – Governmental Funds..... | 12 |
| Statement of Receipts, Disbursements and Changes In Fund Balance – Budget (Non-GAAP Basis) and Actual – General Fund..... | 13 |
| Statement of Fiduciary Net Position – Cash Basis – Fiduciary Funds..... | 14 |
| Statement of Changes in Fiduciary Net Position – Cash Basis – Fiduciary Fund..... | 15 |
| Notes to the Basic Financial Statements | 16 |
| Federal Awards Receipts and Expenditures Schedule..... | 41 |
| Notes to the Federal Awards Receipts and Expenditures Schedule | 42 |
| Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> | 43 |
| Independent Auditor's Report on Compliance With Requirements Applicable to Each Major Federal Program and Internal Control Over Compliance in Accordance with <i>OMB Circular A-133</i> | 45 |
| Schedule of Findings..... | 47 |
| Schedule of Prior Audit Findings..... | 49 |

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Evergreen Local School District
Fulton County
14544 County Road 6
Metamora, Ohio 43540-9741

To the Board of Education

Report on the Financial Statements

We have audited the accompanying cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Evergreen Local School District, Fulton County, Ohio (the District), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for preparing and fairly presenting these financial statements in accordance with the cash accounting basis Note 2 describes. This responsibility includes determining that the cash accounting basis is acceptable for the circumstances. Management is also responsible for designing, implementing and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Evergreen Local School District, Fulton County, Ohio, as of June 30, 2015, and the respective changes in cash financial position and the budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting basis described in Note 2.

Accounting Basis

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

Other Matters

Supplemental Information

Our audit was conducted to opine on the financial statements taken as whole.

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

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

Other Information

We applied no procedures to the Management's Discussion and Analysis listed in the table of contents. Accordingly, we express no opinion or any other assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 3, 2016, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.



Dave Yost
Auditor of State

Columbus, Ohio

February 3, 2016

**EVERGREEN LOCAL SCHOOL DISTRICT
FULTON COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Fiscal Year Ended June 30, 2015

Unaudited

The discussion and analysis of the Evergreen Local School District's (the District) financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2015. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

Financial Highlights

Key financial highlights for fiscal year 2015 are as follows:

- In total, net position increased by \$1,617,192.
- General receipts accounted for \$14,906,488, or 87% of all receipts, and reflect the District's significant dependence on income taxes, property taxes and unrestricted state entitlements. Program specific receipts in the form of charges for services, operating grants, and contributions accounted for \$2,277,303 or 13% of total receipts of \$17,183,791.
- The District's major funds included are the General Fund and Debt Service Fund.
- The General Fund had \$14,419,324 in receipts and other financing sources and \$13,045,774 in disbursements and other financing uses. The General Fund's fund balance increased \$1,373,550 from the prior fiscal year.
- The Debt Service Fund repays debt related to school improvements bonds for the new high school, renovation of the middle school and construction of a new elementary school. The Debt Service Fund had \$1,295,502 in receipts and other financing sources and \$1,221,316 in disbursements. The Debt Service Fund's fund balance increased \$74,186 from the prior fiscal year.

Using the Basic Financial Statements

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the District as a financial whole, or as an entire operating entity.

The statement of net position—cash basis and the statement of activities—cash basis provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances.

Fund financial statements provide a greater level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds, with all other non-major funds presented in total in a single column. For the District, the General Fund and the Debt Service Fund are the most significant funds.

**EVERGREEN LOCAL SCHOOL DISTRICT
FULTON COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Fiscal Year Ended June 30, 2015

Unaudited
(Continued)

Reporting the District as a Whole

Statement of Net Position and Statement of Activities

The statement of net position—cash basis and the statement of activities—cash basis reflect how the District did financially during fiscal year 2015. These statements are reported on the cash basis of accounting which reflects receipts and disbursements when cash is received or paid.

These statements report the District's net position and changes in those assets. This change in net position is important because it tells the reader whether the financial position of the District as a whole has increased or decreased from the prior fiscal year. Over time, these increases and/or decreases are one indicator of whether the financial position is improving or deteriorating. Causes for these changes may be the result of many factors, some financial, some not. Non-financial factors include the District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs, and other factors.

In the statement of net position—cash basis and the statement of activities—cash basis, all of the District's activities are presented as governmental activities. All of the District's programs and services are reported here including instruction, support services, non-instructional services, and extracurricular activities.

Reporting the District's Most Significant Funds

Fund Financial Statements

Fund financial statements provide detailed information about the District's major funds. While the District uses many funds to account for its financial transactions, the fund financial statement focus on the District's most significant funds. The District's major funds are the general and debt service.

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

Fiduciary Funds – Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are not reflected on the government-wide financial statements because the resources from these funds are not available to support the District's programs. These funds use the cash basis of accounting.

**EVERGREEN LOCAL SCHOOL DISTRICT
FULTON COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Fiscal Year Ended June 30, 2015

Unaudited
(Continued)

The District as a Whole

Table 1 provides a summary of the District's net position for fiscal year 2015 compared to fiscal year 2014.

**Table 1
Net Position - Cash Basis
Governmental Activities**

| | <u>2015</u> | <u>2014</u> |
|----------------------------|--------------------|--------------------|
| <u>Assets</u> | | |
| Cash and cash equivalents | <u>\$9,972,922</u> | <u>\$8,355,730</u> |
| <u>Net Position</u> | | |
| Restricted | 2,927,399 | 2,683,757 |
| Unrestricted | <u>7,045,523</u> | <u>5,671,973</u> |
| Total | <u>\$9,972,922</u> | <u>\$8,355,730</u> |

Total cash and cash equivalents increased \$1,617,192 mainly due to increased income tax revenues due to full collection on the new .5% income tax levy, higher than anticipated income tax collections overall, and higher real estate tax collections in Fulton County as a result of revaluation and significantly higher C.A.U.V. values.

Table 2 reflects the changes in net position from the prior fiscal year.

**Table 2
Changes in Net Position - Cash Basis
Governmental Activities**

| | <u>2015</u> | <u>2014</u> |
|--------------------------------|-------------------|-------------------|
| <u>Receipts:</u> | | |
| Program Receipts: | | |
| Charges for Services and Sales | \$1,205,303 | \$1,098,939 |
| Operating Grants | 1,072,000 | 1,127,470 |
| Capital Grants | | 44,282 |
| Total Program Receipts | <u>2,277,303</u> | <u>2,270,691</u> |
| General Receipts: | | |
| Property and Income Taxes | 9,270,314 | 8,374,024 |
| Grants and Entitlements | 5,484,481 | 5,465,713 |
| Interest | 34,593 | 16,390 |
| Miscellaneous | 117,100 | 99,513 |
| Total General Receipts | <u>14,906,488</u> | <u>13,995,640</u> |
| Total Revenues | <u>17,183,791</u> | <u>16,226,331</u> |

**EVERGREEN LOCAL SCHOOL DISTRICT
FULTON COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Fiscal Year Ended June 30, 2015

Unaudited
(Continued)

**Table 2
Changes in Net Position - Cash Basis
Governmental Activities**

| | <u>2015</u> | <u>2014</u> |
|------------------------------------|--------------------|-------------------|
| <u>Disbursements</u> | | |
| Instruction | \$8,083,939 | \$7,754,444 |
| Support Services: | | |
| Pupils | 687,846 | 650,370 |
| Instructional Staff | 211,325 | 379,586 |
| Board of Education | 48,034 | 85,843 |
| Administration | 1,050,985 | 984,580 |
| Fiscal | 387,549 | 382,307 |
| Business | 18,000 | 18,000 |
| Operation and Maintenance of Plant | 1,151,001 | 1,061,529 |
| Pupil Transportation | 1,134,002 | 1,433,102 |
| Central | 379,007 | 296,338 |
| Non-Instructional | 595,466 | 605,840 |
| Extracurricular Activities | 621,915 | 531,898 |
| Debt Service Principal | 322,661 | 800,000 |
| Interest and Fiscal Charges | 874,869 | 392,954 |
| Total Disbursements | <u>15,566,599</u> | <u>15,376,791</u> |
| Increase in Net Position | <u>\$1,617,192</u> | <u>\$849,540</u> |

Program receipts account for 13% of total receipts and are primarily represented by restricted intergovernmental receipts, extracurricular activities, and food service sales.

The major program disbursements for governmental activities are for instruction, which accounts for 52% of all governmental disbursements. Other programs which support the instruction process, including pupil, instructional staff, and pupil transportation account for over 13% of governmental disbursements. Maintenance of the District's facilities also represents a significant disbursement of 7%. Therefore, 72% of the District's disbursements are related to the primary functions of delivering education and providing facilities. These costs are funded almost entirely from property taxes, grants and entitlements.

Governmental Activities

Table 3 indicates the total cost of services and the net cost of services for governmental activities. The statement of activities—cash basis reflects the cost of program services and the charges for services and sales, grants, and contributions offsetting those services. The net cost of services identifies the cost of those services supported by tax revenues and unrestricted state entitlements.

**EVERGREEN LOCAL SCHOOL DISTRICT
FULTON COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Fiscal Year Ended June 30, 2015

Unaudited

(Continued)

**Table 3
Governmental Activities - Cash Basis**

| | <u>Total Cost of Services</u> | <u>Net Cost of Services</u> | <u>Total Cost of Services</u> | <u>Net Cost of Services</u> |
|------------------------------------|-----------------------------------|---------------------------------|-----------------------------------|---------------------------------|
| | <u>2015</u> | <u>2015</u> | <u>2014</u> | <u>2014</u> |
| Instruction | \$8,083,939 | \$6,624,461 | \$7,754,444 | \$6,320,042 |
| Support Services: | | | | |
| Pupils | 687,846 | 687,846 | 650,370 | 650,370 |
| Instructional Staff | 211,325 | 211,325 | 379,586 | 366,909 |
| Board of Education | 48,034 | 48,034 | 85,843 | 85,843 |
| Administration | 1,050,985 | 1,050,985 | 984,580 | 984,580 |
| Fiscal | 387,549 | 387,549 | 382,307 | 382,307 |
| Business | 18,000 | 18,000 | 18,000 | 18,000 |
| Operation and Maintenance of Plant | 1,151,001 | 1,114,608 | 1,061,529 | 1,039,510 |
| Pupil Transportation | 1,134,002 | 1,134,002 | 1,433,102 | 1,433,102 |
| Central | 379,007 | 371,047 | 296,338 | 290,938 |
| Non-Instructional | 595,466 | 10,947 | 605,840 | 14,292 |
| Extracurricular Activities | 621,915 | 432,962 | 531,898 | 371,535 |
| Capital Outlay | | | | (44,282) |
| Debt Service Principal | 322,661 | 322,661 | 800,000 | 800,000 |
| Interest and Fiscal Charges | 874,869 | 874,869 | 392,954 | 392,954 |
| Total Disbursements | <u>\$15,566,599</u> | <u>\$13,289,296</u> | <u>\$15,376,791</u> | <u>\$13,106,100</u> |

The dependence upon tax receipts and unrestricted state entitlements for governmental activities is apparent. Over 81% of instruction activities are supported through taxes and other general receipts. For all governmental activities, support from general receipts is 85%. The community, as a whole, provides a significant support for the District's students.

The District's Funds

The District's governmental funds are accounted for using the cash basis of accounting. The District's major governmental funds were the general and debt service funds. Total governmental funds had receipts of \$17,142,624, disbursements of \$15,566,599, and net other financing sources of \$41,167. The overall positive change of \$1,617,192 in fund balance for the year is primarily due to the increased income tax revenues and pre-school funding.

General Fund Budgeting Highlights

The District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund. During the course of fiscal year 2015, the District amended its General Fund budget as needed. Final budgeted revenues and other financing sources, in the amount of \$14,251,225 were higher from original budgeted revenues and other financing sources of \$13,234,128 due to increases in income tax and property tax revenues.

**EVERGREEN LOCAL SCHOOL DISTRICT
FULTON COUNTY**

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Fiscal Year Ended June 30, 2015

Unaudited

(Continued)

General Fund Budgeting Highlights (Continued)

Final expenditures and other financing uses were budgeted at \$13,327,568 while actual expenditures and other financing uses were \$13,093,280. The \$234,288 difference is a result of conservative budget approval and fewer severance payments than anticipated. All amounts that showed the most significant difference with budgeted amounts were the cause of under spending. Budgets are also prepared conservatively, which results in budgeted revenues to exceed expenditures. Actual General Fund revenues were \$1,285,867 more than expenditures due to management of expenses and increased revenues.

Debt Administration

At June 30, 2015 the District has \$9,177,337 in general obligation and classroom facilities school improvement bonds for building improvements. There are three bond series with final maturities of December 1, 2024 and 2025. The bonds are retired from the bond retirement debt service fund.

For further information regarding the District's debt, see the notes to the basic financial statements.

Current Issues

Evergreen Local School District ended fiscal year 2015 well in the black due to a combination of better than anticipated revenues and lower than anticipated expenditures. Both revenues and expenditures are budgeted conservatively, and two main factors accounted for higher than anticipated revenues in FY15. Full collection was realized on a .5% income tax levy which began collection in January 2013, along with higher than anticipated income tax revenues overall. In addition, real estate taxes came in significantly higher than initial projections provided by the county auditor due to revaluation in Fulton County, and in particular, the large increase in C.A.U.V. values on farm ground in this geographically large, predominantly rural district. Actual expenditures were also below originally budgeted amounts due to a combination of conservative budgeting and several severance payments potentially payable in FY15 being carried forward to FY16. Based on current state funding simulations, Evergreen expects state funding to remain relatively flat and therefore, the District remains heavily dependent on local taxpayers for over half of its general fund revenue. The District successfully renewed a .75% income tax levy that expired at the end of 2014 and reached full collection of a new .5% income tax levy that went into effect January 1, 2013. Currently, district residents are paying a total of 2% in school district income taxes. While the District is currently in sound financial condition, any number of factors, including another economic downturn, potential changes in the C.A.U.V. formula, combined with future additional losses of state funding could quickly erode its healthy cash balance. District management actively seeks to minimize costs wherever possible, while at the same time, provide a high quality of educational opportunities to district students, and must exercise continued vigilance in order to avoid deficit spending and maintain a healthy cash balance.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to reflect the District's accountability for the monies it receives. Questions concerning any of the information in this report or request for additional information should be directed to Denise Leu, Treasurer, Evergreen Local School District, 14544 County Road 6, Metamora, Ohio, 43540.

EVERGREEN LOCAL SCHOOL DISTRICT
FULTON COUNTY

STATEMENT OF NET POSITION - CASH BASIS
JUNE 30, 2015

| | Governmental Activities |
|--|------------------------------------|
| Assets: | |
| Equity in Pooled Cash and Cash Equivalents | \$ <u><u>9,972,922</u></u> |
| Net Position: | |
| Restricted for Debt Service | 2,368,380 |
| Restricted for Capital Outlay | 351,211 |
| Restricted for Other Purposes | 207,808 |
| Unrestricted | 7,045,523 |
| <i>Total Net Position</i> | \$ <u><u>9,972,922</u></u> |

See Accompanying Notes to the Basic Financial Statements

**EVERGREEN LOCAL SCHOOL DISTRICT
FULTON COUNTY**

**STATEMENT OF ACTIVITIES - CASH BASIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

| | | Program Revenues | | | Net (Disbursements) Receipts and Changes in Net Position |
|---|-----------------------|--------------------------------------|--|----|--|
| | Cash Disbursements | Charges for Services and Sales | Operating Grants and Contributions | | Governmental Activities |
| Governmental Activities: | | | | | |
| Instruction: | | | | | |
| Regular | \$ 5,296,118 | \$ 548,752 | \$ 2,508 | \$ | (4,744,858) |
| Special | 2,185,218 | 215,770 | 653,337 | \$ | (1,316,111) |
| Vocational | 145,400 | | 39,111 | | (106,289) |
| Other | 457,203 | | | | (457,203) |
| Support Services: | | | | | |
| Pupils | 687,846 | | | | (687,846) |
| Instructional Staff | 211,325 | | | | (211,325) |
| Board of Education | 48,034 | | | | (48,034) |
| Administration | 1,050,985 | | | | (1,050,985) |
| Fiscal | 387,549 | | | | (387,549) |
| Business | 18,000 | | | | (18,000) |
| Operation and Maintenance of Plant | 1,151,001 | 13,928 | 22,465 | | (1,114,608) |
| Pupil Transportation | 1,134,002 | | | | (1,134,002) |
| Central | 379,007 | | 7,960 | | (371,047) |
| Operation of Non-Instructional Services | 595,466 | 278,918 | 305,601 | | (10,947) |
| Extracurricular Activities | 621,915 | 147,935 | 41,018 | | (432,962) |
| Debt Service: | | | | | |
| Principal | 322,661 | | | | (322,661) |
| Interest and Fiscal Charges | 874,869 | | | | (874,869) |
| Totals | \$ 15,566,599 | \$ 1,205,303 | \$ 1,072,000 | | (13,289,296) |
| General Receipts: | | | | | |
| Property Taxes: | | | | | |
| Levied for General Purposes | | | | | 4,005,816 |
| Levied for Capital Outlay | | | | | 241,033 |
| Levied for Debt Service | | | | | 1,013,608 |
| Levied for Other | | | | | 66,953 |
| Income Taxes | | | | | 3,942,904 |
| Grants and Entitlements not Restricted to Specific Programs | | | | | 5,484,481 |
| Investment Earnings | | | | | 34,593 |
| Miscellaneous | | | | | 75,933 |
| Proceeds from Sale of Capital Assets | | | | | 1,190 |
| Refund of Prior Year Expenditures | | | | | 39,977 |
| Total General Receipts | | | | | 14,906,488 |
| Change in Net Position | | | | | 1,617,192 |
| Net Position Beginning of Year | | | | | 8,355,730 |
| Net Position End of Year | | | | \$ | 9,972,922 |

See Accompanying Notes to the Basic Financial Statements

EVERGREEN LOCAL SCHOOL DISTRICT
FULTON COUNTY

STATEMENT OF ASSETS AND FUND CASH BALANCES - CASH BASIS
GOVERNMENTAL FUNDS
JUNE 30, 2015

| | General Fund | Debt Service Fund | All Other Governmental Funds | Total Governmental Funds |
|--|---------------------|---------------------|------------------------------|--------------------------|
| Assets | | | | |
| Equity in Pooled Cash and Cash Equivalents | \$ <u>7,045,523</u> | \$ <u>2,368,380</u> | \$ <u>559,019</u> | \$ <u>9,972,922</u> |
| Fund Balances | | | | |
| Restricted | \$ | \$ 2,368,380 | \$ 559,019 | \$ 2,927,399 |
| Committed | 11,000 | | | 11,000 |
| Assigned | 254,829 | | | 254,829 |
| Unassigned | 6,779,694 | | | 6,779,694 |
| Total Fund Balances | \$ <u>7,045,523</u> | \$ <u>2,368,380</u> | \$ <u>559,019</u> | \$ <u>9,972,922</u> |

See Accompanying Notes to the Basic Financial Statements

**EVERGREEN LOCAL SCHOOL DISTRICT
FULTON COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND
CHANGES IN CASH BASIS FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

| | General Fund | Debt Service Fund | All Other Governmental Funds | Total Governmental Funds |
|---|---------------------|------------------------------|---|---|
| Receipts: | | | | |
| Property and Other Local Taxes | \$ 4,005,816 | \$ 1,013,608 | \$ 307,986 | \$ 5,327,410 |
| Income Tax | 3,942,904 | | | 3,942,904 |
| Intergovernmental | 5,497,700 | 147,008 | 865,680 | 6,510,388 |
| Interest | 34,593 | | 7 | 34,600 |
| Tuition and Fees | 764,522 | | | 764,522 |
| Rent | 13,928 | | | 13,928 |
| Extracurricular Activities | 40,092 | | 107,843 | 147,935 |
| Gifts and Donations | 2,508 | | 24,680 | 27,188 |
| Customer Sales and Services | | | 278,918 | 278,918 |
| Miscellaneous | 75,933 | | 18,898 | 94,831 |
| <i>Total Receipts</i> | <u>14,377,996</u> | <u>1,160,616</u> | <u>1,604,012</u> | <u>17,142,624</u> |
| Disbursements: | | | | |
| Current: | | | | |
| Instruction: | | | | |
| Regular | 5,294,589 | | 1,529 | 5,296,118 |
| Special | 1,721,694 | | 463,524 | 2,185,218 |
| Vocational | 145,400 | | | 145,400 |
| Other | 457,203 | | | 457,203 |
| Support Services: | | | | |
| Pupils | 687,846 | | | 687,846 |
| Instructional Staff | 194,653 | | 16,672 | 211,325 |
| Board of Education | 48,034 | | | 48,034 |
| Administration | 1,050,985 | | | 1,050,985 |
| Fiscal | 356,590 | 23,786 | 7,173 | 387,549 |
| Business | 18,000 | | | 18,000 |
| Operation and Maintenance of Plant | 1,077,251 | | 73,750 | 1,151,001 |
| Pupil Transportation | 1,134,002 | | | 1,134,002 |
| Central | 371,047 | | 7,960 | 379,007 |
| Operation of Non-Instructional Services | | | 595,466 | 595,466 |
| Extracurricular Activities | 463,680 | | 158,235 | 621,915 |
| Debt Service: | | | | |
| Principal | | 322,661 | | 322,661 |
| Interest | | 874,869 | | 874,869 |
| <i>Total Disbursements</i> | <u>13,020,974</u> | <u>1,221,316</u> | <u>1,324,309</u> | <u>15,566,599</u> |
| Excess of Receipts Over (Under) Disbursements | <u>1,357,022</u> | <u>(60,700)</u> | <u>279,703</u> | <u>1,576,025</u> |
| Other Financing Sources and (Uses): | | | | |
| Transfers In | | 134,886 | 19,500 | 154,386 |
| Advances In | 161 | | 5,300 | 5,461 |
| Proceeds from Sale of Capital Assets | 1,190 | | | 1,190 |
| Refund of Prior Year Expenditures | 39,977 | | | 39,977 |
| Transfers Out | (19,500) | | (134,886) | (154,386) |
| Advances Out | (5,300) | | (161) | (5,461) |
| <i>Total Other Financing Sources and Uses</i> | <u>16,528</u> | <u>134,886</u> | <u>(110,247)</u> | <u>41,167</u> |
| <i>Net Change in Fund Balances</i> | 1,373,550 | 74,186 | 169,456 | 1,617,192 |
| <i>Fund Balances at Beginning of Year</i> | 5,671,973 | 2,294,194 | 389,563 | 8,355,730 |
| <i>Fund Balances at End of Year</i> | <u>\$ 7,045,523</u> | <u>\$ 2,368,380</u> | <u>\$ 559,019</u> | <u>\$ 9,972,922</u> |

**EVERGREEN LOCAL SCHOOL DISTRICT
FULTON COUNTY**

**STATEMENT OF RECEIPTS, DISBURSEMENTS AND CHANGES
IN FUND BALANCES - BUDGET (NON-GAAP BASIS) AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

| | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u> | <u>Variance with Final Budget</u> |
|---|------------------------|---------------------|---------------------|---------------------------------------|
| Receipts: | | | | |
| Property and Other Local Taxes | \$ 3,624,114 | \$ 4,010,611 | \$ 4,005,816 | \$ (4,795) |
| Income Tax | 3,582,234 | 3,932,234 | 3,942,904 | 10,670 |
| Intergovernmental | 5,228,380 | 5,404,800 | 5,497,700 | 92,900 |
| Interest | 16,000 | 34,410 | 34,593 | 183 |
| Tuition and Fees | 698,900 | 764,670 | 764,522 | (148) |
| Rent | 12,500 | 12,500 | 13,928 | 1,428 |
| Extracurricular Activities | 1,000 | 1,000 | (85) | (1,085) |
| Gifts and Donations | 2,500 | 2,500 | 2,508 | 8 |
| Miscellaneous | 35,000 | 55,000 | 75,933 | 20,933 |
| <i>Total Receipts</i> | <u>13,200,628</u> | <u>14,217,725</u> | <u>14,337,819</u> | <u>120,094</u> |
| Disbursements: | | | | |
| Current: | | | | |
| Instruction: | | | | |
| Regular | 5,551,823 | 5,478,537 | 5,315,861 | 162,676 |
| Special | 1,768,383 | 1,768,383 | 1,725,459 | 42,924 |
| Vocational | 143,499 | 147,607 | 145,978 | 1,629 |
| Other | 442,500 | 442,500 | 457,203 | (14,703) |
| Support Services: | | | | |
| Pupils | 592,735 | 592,735 | 688,200 | (95,465) |
| Instructional Staff | 163,386 | 163,386 | 195,653 | (32,267) |
| Board of Education | 97,329 | 97,329 | 48,034 | 49,295 |
| Administration | 1,070,612 | 1,049,466 | 1,015,692 | 33,774 |
| Fiscal | 354,210 | 354,210 | 362,796 | (8,586) |
| Business | 250 | 250 | 18,000 | (17,750) |
| Operation and Maintenance of Plant | 1,139,098 | 1,177,098 | 1,106,454 | 70,644 |
| Pupil Transportation | 1,247,690 | 1,181,014 | 1,141,825 | 39,189 |
| Central | 380,473 | 380,473 | 371,814 | 8,659 |
| Extracurricular Activities | 397,741 | 462,741 | 475,511 | (12,770) |
| <i>Total Disbursements</i> | <u>13,349,729</u> | <u>13,295,729</u> | <u>13,068,480</u> | <u>227,249</u> |
| Excess of Receipts Over/(Under) Receipts | <u>(149,101)</u> | <u>921,996</u> | <u>1,269,339</u> | <u>347,343</u> |
| Other Financing Sources and (Uses): | | | | |
| Advances In | | | 161 | 161 |
| Proceeds from Sale of Capital Assets | 500 | 500 | 1,190 | 690 |
| Refund of Prior Year Expenditures | 33,000 | 33,000 | 39,977 | 6,977 |
| Transfers Out | | | (19,500) | (19,500) |
| Advances Out | (31,839) | (31,839) | (5,300) | 26,539 |
| <i>Total Other Financing Sources and (Uses)</i> | <u>1,661</u> | <u>1,661</u> | <u>16,528</u> | <u>14,867</u> |
| <i>Net Change in Fund Balance</i> | <u>(147,440)</u> | <u>923,657</u> | <u>1,285,867</u> | <u>362,210</u> |
| Fund Balance at Beginning of Year | 5,542,202 | 5,542,202 | 5,542,202 | |
| Prior Year Encumbrances Appropriated | 85,320 | 85,320 | 85,320 | |
| <i>Fund Balance at End of Year</i> | <u>\$ 5,480,082</u> | <u>\$ 6,551,179</u> | <u>\$ 6,913,389</u> | <u>\$ 362,210</u> |

See Accompanying Notes to the Basic Financial Statements

EVERGREEN LOCAL SCHOOL DISTRICT
FULTON COUNTY

STATEMENT OF FIDUCIARY NET POSITION - CASH BASIS
FIDUCIARY FUNDS
JUNE 30, 2015

| | <u>Private Purpose Trust</u> | <u>Agency Fund</u> |
|--|----------------------------------|--------------------|
| Assets | | |
| Current Assets: | | |
| Equity in Pooled Cash and Cash Equivalents | \$ <u>39,657</u> | \$ <u>35,559</u> |
| Liabilities | | |
| Current Liabilities: | | |
| Undistributed Monies | | \$ <u>35,559</u> |
| Net Position: | | |
| Held in Trust for Scholarships | \$ <u>39,657</u> | |

See Accompanying Notes to the Basic Financial Statements

EVERGREEN LOCAL SCHOOL DISTRICT
FULTON COUNTY

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CASH BASIS
FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2015

| | <u>Private Purpose Trust</u> |
|--|----------------------------------|
| Additions: | |
| Interest | \$ 56 |
| Gifts and Contributions | <u>2,745</u> |
| <i>Total Additions</i> | <u>2,801</u> |
| Deductions: | |
| Payments in Accordance with Trust Agreements | <u>1,950</u> |
| <i>Change in Net Position</i> | 851 |
| Net Position Beginning of Year | <u>38,806</u> |
| <i>Net Position End of Year</i> | <u>\$ 39,657</u> |

See Accompanying Notes to the Basic Financial Statements

**EVERGREEN LOCAL SCHOOL DISTRICT
FULTON COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2015**

NOTE 1 – DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Evergreen 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 and federal guidelines.

The School District was established in 1967 through the consolidation of existing land areas and school districts. The School District serves an area of approximately 130 square miles. It is located in Fulton and Lucas counties and includes the entire Villages of Berkey (Lucas County), Lyons and Metamora (Fulton County), all of Amboy, Chesterfield, and Royalton (Fulton County) and Richfield (Lucas County) townships, and portions of Fulton and Pike (Fulton County), and Harding, Spencer, and Sylvania (Lucas County) townships. It is staffed by 57 classified, 83 certified teaching personnel, and 17 administrative employees who provide services to 1,175 students and other community members. The School District currently operates three buildings.

Reporting Entity

A reporting entity is composed of the primary government, component units, and other organizations that are included to insure 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 Evergreen 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. There are no component units of the Evergreen Local School District.

The School District participates in jointly governed organizations, insurance pools, and is associated with related organizations. These organizations are the Northwest Ohio Computer Association, the Northern Buckeye Education Council, the Four County Career Center, the Northern Buckeye Health Plan/OHI, the Ohio School Plan, the Northern Buckeye Health Plan's Workers' Compensation Group Rating Plan and the Evergreen Community Library. These organizations are presented in Notes 16, 17, and 18 to the basic financial statements.

The School District's management believes these financial statements present all activities for which the School District is financially accountable.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

As discussed further in Note 2.C, these financial statements are presented on a cash basis of accounting. This cash basis of accounting differs from accounting principles generally accepted in the United States of America (GAAP). Generally accepted accounting principles include all relevant Governmental Accounting Standards Board (GASB) pronouncements, which have been applied to the extent they are applicable to the cash basis of accounting.

**EVERGREEN LOCAL SCHOOL DISTRICT
FULTON COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS**
For the Fiscal Year Ended June 30, 2015
(Continued)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

A. Basis of Presentation

The School District's basic financial statements consist of government-wide financial 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. These statements usually distinguish between those activities of the School District that are governmental activities (primarily supported by taxes and inter-governmental revenues) and those that are considered business-type activities (primarily supported by fees and charges). However, the School District has no business-type activities.

The statement of net position presents the cash balance of the governmental activities of the School District at fiscal yearend. The statement of activities compares disbursements with program receipts for each function or program of the School District's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the government is responsible. Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program, and receipts of interest earned on grants that are required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on a cash basis or draws from the School District's general receipts.

Fund Financial Statements

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

B. Fund Accounting

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

Governmental

The School District classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other non-exchange transactions as governmental funds. The School District's major funds are the General Fund and Debt Service Fund.

**EVERGREEN LOCAL SCHOOL DISTRICT
FULTON COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS**
For the Fiscal Year Ended June 30, 2015
(Continued)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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

Debt Service Fund – The Debt Service Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

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

Fiduciary Funds

Fiduciary funds account for cash and investments where the District is acting as trustee or fiscal agent for other entities or individuals. Fiduciary funds include pension trust funds, investment trust funds, private- purpose trust funds and agency funds. Trust funds account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are not available to support the School District's own programs. The School District's private purpose trust fund accounts for college scholarships for students. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District's agency funds account for various student- managed activities.

C. Basis of Accounting

The School District's financial statements are prepared using the cash basis of accounting. Receipts are recorded in the School District's financial records and reported in the financial statements when cash is received rather than when earned and disbursements are recorded when cash is paid rather than when a liability is incurred.

As a result of the use of the cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

D. Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of 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 amount the Board of Education may appropriate. The appropriations resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at the level of control selected by the Board. The legal level of budgetary control selected by the Board is at the object level for the General Fund and the fund level for all other funds. Any budgetary modifications at this level may only be made by resolution of the Board of Education. Budgetary allocations at the object level within the General Fund and at the function and object level within all other funds are made by the School District Treasurer.

**EVERGREEN LOCAL SCHOOL DISTRICT
FULTON COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2015
(Continued)**

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 Treasurer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the Board.

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

E. Cash and Investments

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

Investments of the School District’s cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are presented on the financial statements as cash equivalents. Investments with an initial maturity of more than three months that were not purchased from the pool are reported as investments.

Investments are reported as assets. Accordingly, purchases of investments are not recorded as disbursements, and sales of investments are not recorded as receipts. Gains or losses at the time of sale are recorded as receipts or negative receipts (contra revenue), respectively.

During fiscal year 2015, the School District invested in negotiable and nonnegotiable certificates of deposit and STAR Ohio. Investments are reported at cost except for STAR Ohio. STAR Ohio is an investment pool, managed by the State Treasurer’s Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio 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 STAR Ohio are valued at STAR Ohio’s share price, which is the price the investment could be sold for on June 30, 2015.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest receipts credited to the General Fund during fiscal year 2015 amounted to \$34,593; which included \$10,452 assigned from other District Funds.

F. Inventory and Prepaid Items

On the cash-basis of accounting, inventories of supplies and food service items are reported as disbursements when purchased.

G. Capital Assets

Acquisitions of property, plant and equipment are recorded as disbursements when paid. The financial statements do not report these assets.

**EVERGREEN LOCAL SCHOOL DISTRICT
FULTON COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2015
(Continued)**

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

H. Interfund Receivables/Payables

The School District reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements. The fund statements report inter-fund loans as advances when made or repaid. These amounts are eliminated in the statement of activities.

I. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the District's cash basis of accounting.

J. Pension

For purposes of measuring the net pension liability, information about the fiduciary net position of the pension plans and additions to/deductions from their fiduciary net position have been determined on the same basis as they are reported by the pension systems. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. The pension systems report investments at fair value.

K. Long-term Obligations

These cash basis financial statements do not report liabilities for bonds and other long-term obligations. These statements report proceeds of debt when cash is received and debt service disbursements for debt principal payments.

L. Net Position

The statements report restricted net position when enabling legislation or creditors, grantors or laws or regulations of other governments have imposed limitations on their use.

The School District first applies restricted resources when incurring a disbursement for which it may use either restricted or unrestricted resources.

M. Fund Balance

Fund balance is divided into five classifications based primarily on the extent to which the School 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 category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed, or assigned.

**EVERGREEN LOCAL SCHOOL DISTRICT
FULTON COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS**
For the Fiscal Year Ended June 30, 2015
(Continued)

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

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.

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 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.

N. Inter-fund Transactions

Transfers between governmental activities on the government-wide financial statements are reported in the same manner as general receipts.

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies 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. Repayments from funds responsible for particular cash disbursements to the funds that initially paid for them are not presented in the financial statements.

NOTE 3 – ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principles

For fiscal year 2015, Governmental Accounting Standards Board (GASB) Statement No. 68, "Accounting and Financial Reporting for Pensions" and GASB Statement No. 71, "Pension Transition

**EVERGREEN LOCAL SCHOOL DISTRICT
FULTON COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS**
For the Fiscal Year Ended June 30, 2015
(Continued)

NOTE 3 – ACCOUNTABILITY AND COMPLIANCE (CONTINUED)

for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68” were effective. These GASB pronouncements had no effect on beginning net position as reported June 30, 2014, as the net pension liability is not reported in the accompanying financial statements.

B. Compliance

Ohio Administrative Code, Section 117-2-03 (B), requires the School District to prepare its annual financial report in accordance with generally accepted accounting principles. However, the School District prepared its financial statements on a cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The accompanying financial statements omit assets, liabilities, net assets/fund balances, and disclosures that, while material, cannot be determined at this time. The School District can be fined and various other administrative remedies may be taken against the School District.

NOTE 4 – FUND BALANCE

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

The constraints placed on fund balance at June 30, 2015 for the major governmental funds and all other governmental funds are presented as follows:

| <u>Fund Balance</u> | <u>General</u> | <u>Debt Service</u> | <u>All Other Governmental Funds</u> | <u>Total</u> |
|-----------------------------|--------------------|---------------------|---|--------------------|
| Restricted for: | | | | |
| Debt Payment | | \$2,368,380 | | \$2,368,380 |
| Food Service Operations | | | \$11,504 | 11,504 |
| SOS Grant | | | 27 | 27 |
| Title I | | | 21,051 | 21,051 |
| Title II-A | | | 152 | 152 |
| District Managed Activities | | | 15,140 | 15,140 |
| Capital Improvements | | | 351,211 | 351,211 |
| Classroom Facilities | | | 158,808 | 158,808 |
| Summer Intervention | | | 379 | 379 |
| Vision Service | | | 747 | 747 |
| Total Restricted | | <u>2,368,380</u> | <u>559,019</u> | <u>2,927,399</u> |
| Committed to: | | | | |
| Storage Tank | <u>\$11,000</u> | | | <u>11,000</u> |
| Total Committed | | | | |
| Assigned to: | | | | |
| Track/Stadium | 133,688 | | | 133,688 |
| Unpaid Obligations | 90,666 | | | 90,666 |
| Other Purposes | <u>30,475</u> | | | <u>30,475</u> |
| Total Assigned | <u>254,829</u> | | | <u>254,829</u> |
| Unassigned | 6,779,694 | | | 6,779,694 |
| Total Fund Balances | <u>\$7,045,523</u> | <u>\$2,368,380</u> | <u>\$559,019</u> | <u>\$9,972,922</u> |

**EVERGREEN LOCAL SCHOOL DISTRICT
FULTON COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS**
For the Fiscal Year Ended June 30, 2015
(Continued)

NOTE 5 – BUDGETARY BASIS OF ACCOUNTING

The budgetary basis as provided by law is based upon accounting for certain transactions on the basis of cash receipts, disbursements, and encumbrances. The Statement of Receipts, Disbursements and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual – Budgetary Basis presented for the general fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The difference between the budgetary basis and the cash basis are outstanding year end encumbrances are treated as cash disbursements (budgetary basis) rather than as restricted, committed or assigned fund balance (cash basis) and certain funds included in the General Fund as part of the GASB 54 requirements are not included in the budgetary statement.

The following table summarizes the adjustments necessary to reconcile to cash basis statements to the budget basis statements for the General Fund:

| <u>Net Change in Fund Balance</u> | <u>General Fund</u> |
|------------------------------------|---------------------|
| Cash Basis (as Reported) | \$1,373,550 |
| Outstanding Encumbrances | (90,666) |
| Perspective Difference: | |
| Activity of Funds Reclassified for | |
| Cash Reporting Purposes | 2,983 |
| Budgetary Basis | <u>\$1,285,867</u> |

NOTE 6 – DEPOSITS AND INVESTMENTS

Monies held by the School District are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the School District treasury. Active 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 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 deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts, including passbook accounts.

Interim monies held by the School District can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;

**EVERGREEN LOCAL SCHOOL DISTRICT
FULTON COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS**
For the Fiscal Year Ended June 30, 2015
(Continued)

NOTE 6 – DEPOSITS AND INVESTMENTS (CONTINUED)

2. Bonds, notes, debentures, or any other obligation or security 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 the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
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 through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio); and
8. Bankers' acceptances and commercial paper if training requirements have been met.

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

A. Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At fiscal year end, \$1,444,654 of the School District's bank balance of \$6,447,506 was exposed to custodial credit risk because it was uninsured and uncollateralized. Although all state statutory requirements for the deposit of money have been followed, noncompliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

The School District has no deposit policy for custodial credit risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the School District or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

**EVERGREEN LOCAL SCHOOL DISTRICT
FULTON COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2015
(Continued)**

NOTE 6 – DEPOSITS AND INVESTMENTS (CONTINUED)

B. Investments

As of June 30, 2015, the School District had the following investments:

| <u>Investment Type</u> | <u>Investment Maturities</u> | | |
|------------------------------------|------------------------------|-------------------------------|-----------------------------|
| | <u>Balance at Cost</u> | <u>Less than One Year</u> | <u>One to Two Years</u> |
| Negotiable Certificates of Deposit | \$2,849,700 | \$2,099,700 | \$750,000 |
| STAR Ohio | 771,339 | 771,339 | |
| Total Investments | <u>\$3,621,039</u> | <u>\$2,871,039</u> | <u>\$750,000</u> |

Credit Risk – STAR Ohio carries a rating of AAAM by Standard and Poor’s. The School District has no investment policy dealing with investment credit risk beyond the requirements in state statutes. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating.

Interest Rate Risk – Interest rate risk arises because potential purchasers of securities will not agree to pay face value of those securities if interest rates subsequently increase. The School District has no investment policy that addresses interest rate risk. State statute requires that an investment mature within five years from the date of purchase, unless matched to a specific obligation or debt of the District and that an investment must be purchased with the expectation that it will be held to maturity. State statute limits investments in commercial paper to a maximum maturity of 180 days from the date of purchase. Repurchase agreements are limited to 30 days and the market value of the securities must exceed the principal value of the agreement by at least two percent and be marked to market daily.

Concentration of Credit Risk - The District places no limit on the amount it may invest in any one issuer, however state statute limits investments in commercial paper and bankers’ acceptances to 25 percent of the interim monies available for investment at any one time. The District’s investment in negotiable certificates of deposit represents 79 percent of the District’s total investments.

NOTE 7 – PROPERTY TAXES

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

Property taxes include amounts levied against all real, public utility, and tangible personal (used in business) property located in the School District. Real and public utility property tax revenues received in calendar year 2015 represent the collection of calendar year 2014 taxes. Real property taxes for 2015 were levied after April 1, 2014, on the assessed values as of January 1, 2014, the lien date. Assessed values for real property taxes are established by State statute at 35% of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

**EVERGREEN LOCAL SCHOOL DISTRICT
FULTON COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS
For the Fiscal Year Ended June 30, 2015
(Continued)**

NOTE 7 – PROPERTY TAXES (CONTINUED)

Public utility property tax revenues received in calendar year 2015 represent the collection of calendar year 2014 taxes. Public utility real and tangible personal property taxes received in calendar year 2015 become a lien on December 31, 2013, were levied after April 1, 2014, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The School District receives property taxes from Fulton and Lucas counties. The County Auditors periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the counties by June 30, 2015, are available to finance fiscal year 2015 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

The assessed values upon which the fiscal year 2015 taxes are based are as follows:

| | 2014 Second- Half Collections | | 2015 First- Half Collections | |
|--|--|----------------|---|----------------|
| | Amount | Percent | Amount | Percent |
| Industrial/Residential | \$166,237,400 | 87.82% | \$204,457,300 | 90.49% |
| Industrial/Commercial | 8,725,610 | 4.61% | 6,527,890 | 2.89% |
| Public Utility Real Property | 35,020 | 0.02% | 33,210 | 0.01% |
| Public Utility Personal Property | 14,291,750 | 7.55% | 14,936,900 | 6.61% |
| Total Assessed Value | \$189,289,780 | 100.00% | \$225,955,300 | 100.00% |
| Tax rate per \$1,000 of assessed valuation | \$49.25 | | \$49.25 | |

NOTE 8 – INCOME TAXES

The School District levies a voted tax of $\frac{3}{4}$ percent for general operations on the income of residents and of estates. The tax was effective in 1990, and is a continuing tax. An additional $\frac{3}{4}$ percent income tax was passed by voters in 2004, effective beginning 2005 for five years, for general operations. The additional $\frac{3}{4}$ percent income tax was renewed by voters in 2009, effective beginning 2010 for five years, and was renewed again by voters in 2013, effective beginning 2015 for five years. Voters passed an additional .5% income tax effective beginning January 2013 for a total 2% income tax. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the School District after withholding amounts for administrative fees and estimated refunds. Income tax receipts are recorded in the General Fund.

**EVERGREEN LOCAL SCHOOL DISTRICT
FULTON COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS**
For the Fiscal Year Ended June 30, 2015
(Continued)

NOTE 9 – RISK MANAGEMENT

A. Property and Liability

The School District maintains comprehensive insurance coverage through the Ohio School Plan, an insurance Pool, an insurance purchasing pool (Note 17), for liability, real property, building contents, and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. In addition, real property contents are fully considered.

| | |
|---|--------------|
| Coverage provided by the Ohio School Plan | |
| General Liability: | |
| Per Occurrence | \$3,000,000 |
| Total Per Year | \$5,000,000 |
| | |
| Coverage provided by the Ohio School Plan | |
| Blanket Property Insurance (\$1,000 deductible) | \$58,346,526 |
| | |
| Coverage provided by the Ohio School Plan | |
| Auto Coverage | |
| Liability | \$3,000,000 |
| Auto Medical Payment | \$5,000 |

Under the Plan, each participant enters into an individual agreement with the Plan for insurance coverage and pays annual premiums to the Plan based on types and limits of coverage from the prior fiscal year.

Settled claims have not exceeded this commercial coverage in any of the past three years, and there has been no significant reduction in insurance coverage from the prior fiscal year.

B. Workers' Compensation

The School District participates in the Northern Buckeye Health Plan, Northern Division of OHI (NBHP) Workers' Compensation Group Rating Plan (the Plan), an insurance purchasing pool. The Plan is intended to reduce premiums for the participants. The workers' compensation experience of the participants is calculated as one experience and a common premium rate is applied to all participants in the Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan rather than its individual rate. The Executive Director of the NBHP coordinates the management and administration of the program.

C. Employee Medical Benefits

The District participates in the Optimal Health Initiative (OHI), a public entity shared risk pool consisting of educational entities within Defiance, Fulton, Henry, and Williams Counties. The School District pays monthly premiums to OHI for the benefits offered to its employees including medical, dental, vision, and life insurance. The OHI is responsible for the management and operations of the Program. The agreement for the Program provides for additional assessments to all participants if the premiums are insufficient to pay the program costs for the fiscal year. Upon withdrawal from the Program, a participant is responsible for any claims not processed and paid and any related administrative costs.

**EVERGREEN LOCAL SCHOOL DISTRICT
FULTON COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS**
For the Fiscal Year Ended June 30, 2015
(Continued)

NOTE 10 – DEFINED BENEFIT PENSION PLANS

A. Net Pension Liability

For fiscal year 2015, Governmental Accounting Standards Board (GASB) Statement No. 68, “Accounting and Financial Reporting for Pensions” and GASB Statement No. 71, “Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68” were effective. These GASB pronouncements had no effect on beginning net position as reported June 30, 2014, as the net pension liability is not reported in the accompanying financial statements. The net pension liability has been disclosed below.

Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period.

The net pension liability represents the School District's proportionate share of each pension plan's collective actuarial present value of projected benefit payments attributable to past periods of service, net of each pension plan's fiduciary net position. The net pension liability calculation is dependent on critical long-term variables, including estimated average life expectancies, earnings on investments, cost of living adjustments and others. While these estimates use the best information available, unknowable future events require adjusting this estimate annually.

Ohio Revised Code limits the School District's obligation for this liability to annually required payments. The School District cannot control benefit terms or the manner in which pensions are financed; however, the School District does receive the benefit of employees' services in exchange for compensation including pension.

GASB 68 assumes the liability is solely the obligation of the employer, because (1) they benefit from employee services; and (2) State statute requires all funding to come from these employers. All contributions to date have come solely from these employers (which also includes costs paid in the form of withholdings from employees). State statute requires the pension plans to amortize unfunded liabilities within 30 years. If the amortization period exceeds 30 years, each pension plan's board must propose corrective action to the State legislature. Any resulting legislative change to benefits or funding could significantly affect the net pension liability. Resulting adjustments to the net pension liability would be effective when the changes are legally enforceable.

Plan Description - School Employees Retirement System (SERS)

Plan Description – School District non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. 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 Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS' fiduciary net position. That report can be obtained by visiting the SERS website at www.ohsers.org under Employers/Audit Resources.

**EVERGREEN LOCAL SCHOOL DISTRICT
FULTON COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS**
For the Fiscal Year Ended June 30, 2015
(Continued)

NOTE 10 – DEFINED BENEFIT PENSION PLANS (CONTINUED)

Age and service requirements for retirement are as follows:

| | Eligible to Retire on or before August 1, 2017 * | Eligible to Retire on or after August 1, 2017 |
|--|---|--|
| Full Benefits | Any age with 30 years of service credit | Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit |
| Actuarially Reduced Benefits | Age 60 with 5 years of service credit Age 55 with 25 years of service credit | Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit |
| * Members with 25 years of service credit as of August 1, 2017, will be included in this plan. | | |

Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on year of service; 2.2 percent for the first thirty years of service and 2.5 percent for years of service credit over 30. Final average salary is the average of the highest three years of salary.

One year after an effective benefit date, a benefit recipient is entitled to a three percent cost-of-living adjustment (COLA). This same COLA is added each year to the base benefit amount on the anniversary date of the benefit.

Funding Policy – 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 by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2015, the allocation to pension, death benefits, and Medicare B was 13.18 percent. The remaining 0.82 percent of the 14 percent employer contribution rate was allocated to the Health Care Fund.

The School District's contractually required contribution to SERS was \$270,738 for fiscal year 2015.

Plan Description - State Teachers Retirement System (STRS)

Plan Description – School District licensed teachers and other faculty members participate in STRS Ohio, a cost-sharing multiple-employer public employee retirement system administered by STRS. STRS provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS issues a stand-alone financial report that includes financial statements, required supplementary information and detailed information about STRS' fiduciary net position. That report can be obtained by writing to STRS, 275 E. Broad St., Columbus, OH 43215-3771, by calling (888) 227-7877, or by visiting the STRS Web site at www.strsoh.org.

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2 percent of final average salary for the five highest years of earnings multiplied by

**EVERGREEN LOCAL SCHOOL DISTRICT
FULTON COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS**
For the Fiscal Year Ended June 30, 2015
(Continued)

NOTE 10 – DEFINED BENEFIT PENSION PLANS (CONTINUED)

all years of service. With certain exceptions, the basic benefit is increased each year by two percent of the original base benefit. For members retiring August 1, 2013, or later, the first two percent is paid on the fifth anniversary of the retirement benefit. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 25 years of service, or 30 years of service regardless of age.

Age and service requirements for retirement will increase effective August 1, 2015, and will continue to increase periodically until they reach age 60 with 35 years of service or age 65 with five year of service on August 1, 2026.

The DC Plan allows members to place all their member contributions and 9.5 percent of the 14 percent employer contributions into an investment account. Investment allocation decisions are determined by the member. The remaining 4.5 percent of the 14 percent employer rate is allocated to the defined benefit unfunded liability. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The member may elect to receive a lifetime monthly annuity or a lump sum withdrawal.

The Combined Plan offers features of both the DB Plan and the DC Plan. In the Combined Plan, member contributions are allocated among investment choices by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The defined benefit portion of the Combined Plan payment is payable to a member on or after age 60 with five years of services. The defined contribution portion of the account may be taken as a lump sum payment or converted to a lifetime monthly annuity at age 50.

New members who choose the DC plan or Combined Plan will have another opportunity to reselect a permanent plan during their fifth year of membership. Members may remain in the same plan or transfer to another STRS plan. The optional annuitization of a member's defined contribution account or the defined contribution portion of a member's Combined Plan account to a lifetime benefit results in STRS bearing the risk of investment gain or loss on the account. STRS has therefore included all three plan options as one defined benefit plan for GASB 68 reporting purposes.

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least ten years of qualifying service credit that apply for disability benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member of the DC Plan dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The statutory maximum employee contribution rate was increased one percent July 1, 2014, and will be increased one percent each year until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2015, plan members were required to contribute 12 percent of their annual covered salary. The District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2015 contribution rates were equal to the statutory maximum rates.

The School District's contractually required contribution to STRS was \$892,490 for fiscal year 2015.

**EVERGREEN LOCAL SCHOOL DISTRICT
FULTON COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS**
For the Fiscal Year Ended June 30, 2015
(Continued)

NOTE 10 – DEFINED BENEFIT PENSION PLANS (CONTINUED)

Net Pension Liability

The net pension liability was measured as of June 30, 2014, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the School District's share of contributions to the pension plan relative to the projected contributions of all participating entities. Following is information related to the proportionate share:

| | SERS | STRS | Total |
|--|-------------|--------------|--------------|
| Proportionate Share of the Net Pension Liability | \$2,854,220 | \$12,490,027 | \$15,344,247 |
| Proportion of the Net Pension Liability | 0.056397% | 0.0513497% | |

Actuarial Assumptions - SERS

SERS' total pension liability was determined by their actuaries in accordance with GASB Statement No. 67, as part of their annual actuarial valuation for each defined benefit retirement plan. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts (e.g., salaries, credited service) and assumptions about the probability of occurrence of events far into the future (e.g., mortality, disabilities, retirements, employment termination). Actuarially determined amounts are subject to continual review and potential modifications, as actual results are compared with past expectations and new estimates are made about the future.

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employers and plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing benefit costs between the employers and plan members to that point. The projection of benefits for financial reporting purposes does not explicitly incorporate the potential effects of legal or contractual funding limitations.

Actuarial calculations reflect a long-term perspective. For a newly hired employee, actuarial calculations will take into account the employee's entire career with the employer and also take into consideration the benefits, if any, paid to the employee after termination of employment until the death of the employee and any applicable contingent annuitant. In many cases actuarial calculations reflect several decades of service with the employer and the payment of benefits after termination.

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2014, are presented below:

| | |
|--|--|
| 3.25 percent | |
| 4.00 percent to 22 percent | |
| 3 percent | |
| 7.75 percent net of investments expense, including inflation | |
| Entry Age Normal | |

For post-retirement mortality, the table used in evaluating allowances to be paid is the 1994 Group Annuity Mortality Table set back one year for both men and women. Special mortality tables are used for the period after disability retirement.

The most recent experience study was completed June 30, 2010.

**EVERGREEN LOCAL SCHOOL DISTRICT
FULTON COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS**
For the Fiscal Year Ended June 30, 2015
(Continued)

NOTE 10 – DEFINED BENEFIT PENSION PLANS (CONTINUED)

The long-term return expectation for the Pension Plan Investments has been determined using a building-block approach and assumes a time horizon, as defined in SERS' Statement of Investment Policy. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted averaged of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The target allocation and best estimates of arithmetic real rates of return for each major assets class are summarized in the following table:

| Asset Class | Target Allocation | Long Term Expected Real Rate of Return |
|------------------------|----------------------|---|
| Cash | 1.00 % | 0.00 % |
| US Stocks | 22.50 | 5.00 |
| Non-US Stocks | 22.50 | 5.50 |
| Fixed Income | 19.00 | 1.50 |
| Private Equity | 10.00 | 10.00 |
| Real Assets | 10.00 | 5.00 |
| Multi-Asset Strategies | 15.00 | 7.50 |
| Total | 100.00 % | |

Discount Rate The total pension liability was calculated using the discount rate of 7.75 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.75 percent). Based on those assumptions, the plan's fiduciary net position was projected to be available to make all future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefits to determine the total pension liability.

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate Net pension liability is sensitive to changes in the discount rate, and to illustrate the potential impact the following table presents the net pension liability calculated using the discount rate of 7.75 percent, as well as what each plan's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.75 percent), or one percentage point higher (8.75 percent) than the current rate.

| | 1% Decrease (6.75%) | Current Discount Rate (7.75%) | 1% Increase (8.75%) |
|---|------------------------|-------------------------------------|------------------------|
| School District's proportionate share of the net pension liability | \$4,072,124 | \$2,854,220 | \$1,829,858 |

**EVERGREEN LOCAL SCHOOL DISTRICT
FULTON COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS**
For the Fiscal Year Ended June 30, 2015
(Continued)

NOTE 10 – DEFINED BENEFIT PENSION PLANS (CONTINUED)

Actuarial Assumptions - STRS

The total pension liability in the June 30, 2014, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|-----------------------------------|---|
| Inflation | 2.75 percent |
| Projected salary increases | 2.75 percent at age 70 to 12.25 percent at age 20 |
| Investment Rate of Return | 7.75 percent, net of investment expenses |
| Cost-of-Living Adjustments (COLA) | 2 percent simple applied as follows: for members retiring before August 1, 2013, 2 percent per year; for members retiring August 1, or later, 2 percent COLA paid on fifth anniversary of retirement date |

Mortality rates were based on the RP-2000 Combined Mortality Table (Projection 2022—Scale AA) for Males and Females. Males' ages are set-back two years through age 89 and no set-back for age 90 and above. Females younger than age 80 are set back four years, one year set back from age 80 through 89 and not set back from age 90 and above.

Actuarial assumptions used in the June 30, 2014, valuation are based on the results of an actuarial experience study, effective July 1, 2012.

The 10 year expected real rate of return on pension plan investments was determined by STRS' investment consultant by developing best estimates of expected future real rates of return for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized as follows:

| Asset Class | Target | | Long Term Expected | |
|----------------------|------------|---|---------------------|---|
| | Allocation | | Real Rate of Return | |
| Domestic Equity | 31.00 | % | 8.00 | % |
| International Equity | 26.00 | | 7.85 | |
| Alternatives | 14.00 | | 8.00 | |
| Fixed Income | 18.00 | | 3.75 | |
| Real Estate | 10.00 | | 6.75 | |
| Liquidity Reserves | 1.00 | | 3.00 | |
| Total | 100.00 | % | | |

Discount Rate The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2014. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS' fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2014. Therefore, the long-term expected rate of return on pension plan investments of 7.75 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2014.

**EVERGREEN LOCAL SCHOOL DISTRICT
FULTON COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS**
For the Fiscal Year Ended June 30, 2015
(Continued)

NOTE 10 – DEFINED BENEFIT PENSION PLANS (CONTINUED)

Sensitivity of the School District's Proportionate Share of the Net Pension Liability to Changes in the Discount Rate The following table presents the School District's proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.75 percent, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is one-percentage-point lower (6.75 percent) or one-percentage-point higher (8.75 percent) than the current rate:

| | 1% Decrease (6.75%) | Current Discount Rate (7.75%) | 1% Increase (8.75%) |
|--|------------------------|-------------------------------------|------------------------|
| School District's proportionate share of the net pension liability | \$17,880,835 | \$12,490,027 | \$7,931,217 |

B. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the State Teachers Retirement System or the School Employees Retirement System have an option to choose Social Security or the State Teachers Retirement System/School Employees Retirement System. The Board's liability is 6.2% of wages paid.

NOTE 11 – POST EMPLOYMENT BENEFITS

A. State Teachers Retirement System

Ohio Law authorizes STRS Ohio to offer a cost-sharing, multiple-employer defined health benefit 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.

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 1-888-227-7877.

Pursuant to Chapter 3307 of the Ohio Revised Code, the Retirement Board has discretionary authority over how much, if any, of the associated health care cost 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. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal year 2015, STRS did not allocate any employer contributions to post-employment health care.

The School District required contributions for post-employment health care were \$0, \$57,549 and \$57,285, respectively. The full amount has been contributed for fiscal years 2015, 2014 and 2013.

B. 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 a postemployment benefit plan.

**EVERGREEN LOCAL SCHOOL DISTRICT
FULTON COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS**
For the Fiscal Year Ended June 30, 2015
(Continued)

NOTE 11 – POST EMPLOYMENT BENEFITS (CONTINUED)

Health Care Plan

Sections 3309.375 and 3309.69 of the Ohio Revised Code 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 for various vendors, including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively.

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

The Health Care Fund was established under, and is administered in accordance with Internal Revenue Code 105(e). Each year after the allocation for statutory required benefits, the Retirement Board allocates the remainder of the employer 14% contribution to the Health Care Fund to be used to subsidize the cost of health care coverage. For the year ended June 30, 2015, the health care allocation is .82%. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. By statute no employer shall pay a health care surcharge greater than 2% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS- covered payroll for the health care surcharge. For fiscal year 2015, the minimum compensation level was \$20,450. The surcharge, added to the unallocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The School District contributions assigned to health care for the years ended June 30, 2015, 2014 and 2013 were \$48,229, \$32,146 and \$31,395, respectively.

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 on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

The financial reports of SERS' Health Care plan is included in its Comprehensive Annual Financial Report. The report can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

NOTE 12 – NOTES PAYABLE AND LONG TERM DEBT

Changes in long-term obligations of the School District during fiscal year 2015 were as follows:

| | Outstanding 6/30/14 | Additions | Deletions | Outstanding 6/30/15 | Due Within One Year |
|---------------------------|--------------------------------|------------------|------------------|--------------------------------|------------------------------------|
| General Obligation Bonds: | | | | | |
| 2005 Unlimited Tax Refund | \$7,069,998 | | \$142,661 | \$6,927,337 | \$122,337 |
| 2010 Energy Conservation | 1,000,000 | | 85,000 | 915,000 | 85,000 |
| 2012 Classroom Facilities | 1,430,000 | | 95,000 | 1,335,000 | 105,000 |
| | <u>\$9,499,998</u> | | <u>\$322,661</u> | <u>\$9,177,337</u> | <u>\$312,337</u> |

**EVERGREEN LOCAL SCHOOL DISTRICT
FULTON COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS**
For the Fiscal Year Ended June 30, 2015
(Continued)

NOTE 12 – NOTES PAYABLE AND LONG TERM DEBT (CONTINUED)

On May 7, 2002 school district residents approved a \$2,182,000 bond issue to pay the local share of school construction of a new elementary and renovation of a middle school under the Ohio School Facilities Commission Exceptional Need Project. General obligation classroom facilities improvement bonds totaling \$2,182,000 were issued October 17, 2002 with interest rates ranging from 2 percent to 4.6 percent. The bond issue included serial, term, and capital appreciation bonds. Current interest serial bonds mature annually from 2003 through 2022. Current interest term bonds mature in 2025. Capital appreciation bonds matured in 2006, 2007, and 2008. The maturity amount of the capital appreciation bonds is \$240,000. On January 5, 2012, the remaining \$1,525,000 face value of the bonds was refunded through the issuance of new bonds. The refunding bonds have interest rates from 3.55% to 4.60% and mature on December 1, 2025. Total debt service payments were reduced by \$92,472 and a new present value savings of \$78,006.

On July 25, 2005 a bond issue for the purpose of refunding a portion of the 1999 School Improvement bond issue was made. The new issue has interest rates ranging from 3.0% to 4.2%. The bond issue included serial and capital appreciation bonds. Current interest serial bonds mature annually from 2005 through 2024. Capital appreciation bonds mature in 2015. The maturity amount of the capital appreciation bonds is \$530,000.

On November 2, 2010, a bond issue for the purpose of facilities improvements was made. The new issue has an interest rate of 5.21%. The bond issue included term bonds which mature December 1, 2025.

Total expenditures for interest for the above debt for the period ended June 30, 2015 was \$874,869.

The scheduled payments of principal and interest on debt outstanding at June 30, 2015 are as follows:

| <u>For the Years Ending June 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--|--------------------|--------------------|---------------------|
| 2016 | \$312,337 | \$891,984 | \$1,204,321 |
| 2017 | 835,000 | 344,152 | 1,179,152 |
| 2018 | 860,000 | 311,421 | 1,171,421 |
| 2018 | 890,000 | 277,161 | 1,167,161 |
| 2020 | 925,000 | 241,138 | 1,166,138 |
| 2021 – 2025 | 5,130,000 | 599,160 | 5,729,160 |
| 2026 | 225,000 | 4,824 | 229,824 |
| Total | <u>\$9,177,337</u> | <u>\$2,669,840</u> | <u>\$11,847,177</u> |

NOTE 13 – SET ASIDE REQUIREMENTS

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

**EVERGREEN LOCAL SCHOOL DISTRICT
FULTON COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS**
For the Fiscal Year Ended June 30, 2015
(Continued)

NOTE 13 – SET ASIDE REQUIREMENTS (CONTINUED)

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

| | Capital Improvements |
|--|---------------------------------|
| Set-aside Cash Balance as of June 30, 2014 | \$- |
| Current Year Set-aside Requirement | 201,699 |
| Current Year Qualifying Expenditures | (170,795) |
| Current Year Offsets | (30,904) |
| Total Restricted Assets | \$- |
| Cash Balance Carried Forward to FY 2016 | |
| Set Aside Reserve Balance June 30, 2015 | |

The excess qualifying disbursements of the capital improvement set aside may not be used to reduce the capital improvement set aside requirement for future years.

NOTE 14 – INTERFUND TRANSFERS AND ADVANCES

Transfers of \$134,886 from the permanent improvement fund to the debt service fund were to make payments on school improvement bonds. A transfer from the General Fund was made to a Special Revenue fund to cover athletic participation fees in the amount of \$19,500.

At June 30, 2015, the General fund had made cash advances to cover federal grants Title 1 and Title 11 A in the amount of \$5,300.

NOTE 15 - CONTINGENCIES

A. School Foundation

School District foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Effective for the 2014-2015 school year, traditional school districts must comply with minimum hours of instruction instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the School District, which can extend past the fiscal year end. As of the date of this report, ODE has not finalized the impact of enrollment adjustments to the June 20, 2015 foundation funding for the School District. Therefore, any financial statement impact is not determinable at this time.

B. 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, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2015.

**EVERGREEN LOCAL SCHOOL DISTRICT
FULTON COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS**
For the Fiscal Year Ended June 30, 2015
(Continued)

NOTE 15 – CONTINGENCIES (CONTINUED)

C. Litigation

On July 5, 2013, a lawsuit was filed against the School District by Delta Physical Therapy alleging breach of contract for athletic training services. On March 12, 2015, the parties agreed to and filed a Joint Stipulation of Dismissal Without Prejudice.

NOTE 16 – JOINTLY GOVERNED ORGANIZATIONS

A. Northwest Ohio Computer Association

The School District is a participant in the Northwest Ohio Computer Association (NWOCA). NWOCA is an association of public school districts within the boundaries of Defiance, Fulton, Henry, Lucas, Williams and Wood 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 NWOCA Assembly consists of a superintendent from each participating school district and a representative from the fiscal agent. The Assembly elects the Council. NWOCA is governed by a Council chosen from two representatives from each of the four counties in which the member school districts are located and the representative from the member school district serving as fiscal agent for NWOCA. The degree of control exercised by any participating school district is limited to its representation on the Board. Financial information can be obtained from Robin Pfund, who serves as treasurer, at 209 Nolan Parkway, Archbold, Ohio 43502.

B. Northern Buckeye Education Council

The Northern Buckeye Education Council (the Council) was established in 1979 to foster cooperation among school districts located in Defiance, Fulton, Henry, and Williams Counties. The Council is organized under Ohio laws as a regional council of governments pursuant to a written agreement entered into by its member school districts and bylaws adopted by the representatives of the member school districts. The council is governed by an elected board consisting of two representatives from each of the four counties in which the member educational entities are located. The Board is elected from an assembly consisting of a representative from each participating educational entity. To obtain financial information write to the Northern Buckeye Education Council, Robin Pfund, who serves as treasurer, at 209 Nolan Parkway, Archbold, Ohio 43502.

C. Four County Career Center

The Four County Career Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the educational service centers from the counties of Defiance, Fulton, Henry, and Williams; one representative from each of the city school districts; one representative from each of the exempted village school districts; and one additional representative from Fulton County educational service center. The Four County Joint Vocational School possesses its own budgeting and taxing authority. To obtain financial information write to Connie Nicely, Treasurer, at 22-900 State Route 34, Archbold, Ohio 43502.

**EVERGREEN LOCAL SCHOOL DISTRICT
FULTON COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS**

For the Fiscal Year Ended June 30, 2015
(Continued)

NOTE 16 – JOINTLY GOVERNED ORGANIZATIONS (CONTINUED)

D. Northern Buckeye Health Plan

The Northern Buckeye Health Plan (NBHP) was established January 1, 2012 to foster cooperation among school districts located in Defiance, Fulton, Henry, and Williams Counties. NBHP is a member of Ohio Health Initiatives (OHI) and provides insurance services to its members. NBHP is governed by an elected Board consisting of two representatives from each of the four counties in which the member educational entities are located. The Board is elected from an Assembly consisting of a representative from each participating educational entity. To obtain financial information write to the Northern Buckeye Health Plan/OHI, Jenny Jostworth, Treasurer, at 10999 Reed Hartman Highway, Suite 304E, Cincinnati, OH 45242.

NOTE 17 – PUBLIC ENTITY RISK POOLS

A. Employee Insurance Benefits Program

Optimal Health Initiative Consortium (OHI) Insurance Benefits Program (the Pool) is a public entity shared risk pool consisting of educational entities located in Defiance, Fulton, Henry, and Williams Counties. The Pool is governed by OHI and its participating members.

Each member pays a monthly premium amount, which is established annually by the Council, to the treasurer to comply with the terms of any contracts with any third-party claims administrator or insurance company. The insurance group is governed by a council consisting of two representatives from each of the four counties in which the member school districts are located. The degree of control exercised by any participating member is limited to its representation on the council.

During the fiscal year ending June 30, 2015, the District contributed a total of \$1,481,303 to Northern Buckeye Health Plan, Northwest Division of OHI for all employee insurance plans. Financial information can be obtained from Jenny Jostworth, Treasurer, at 10999 Reed Hartman Highway, Suite 304E, Cincinnati, OH 45242.

B. Worker's Compensation Group Rating Plan

The School District participates in a group rating plan for workers' compensation as established under section §4123.29 of the Ohio Revised Code. The Northern Buckeye Health Plan, Northern Division of OHI (NBHP) Worker's Compensation Group Rating Plan (WCGRP) is an insurance purchasing pool. The WCGRP is governed by the Northern Buckeye Health Plan and the participating members of the WCGRP. The Executive Director of the NBHP coordinates the management and administration of the program. During the fiscal year ending June 30, 2015, the School District paid an enrollment fee of \$1,436 to WCGRP to cover costs of administering the program.

C. The Ohio School Plan

The School District belongs to the Ohio School Plan (Plan), an unincorporated non-profit association providing a formalized, jointly administered self-insurance risk management program and other administrative services to approximately 400 Ohio schools ("Members").

Pursuant to Section 2744.081 of the Ohio Revised Code, the Plan is deemed a separate legal entity. The Plan provides property, general liability, educator's legal liability, automobile, and violence coverage's, modified for each member's needs. The Plan pays judgments, settlements and other expenses resulting from covered claims that exceed the member's specific deductible.

**EVERGREEN LOCAL SCHOOL DISTRICT
FULTON COUNTY
NOTES TO THE BASIC FINANCIAL STATEMENTS**

For the Fiscal Year Ended June 30, 2015
(Continued)

NOTE 17 – PUBLIC ENTITY RISK POOLS (CONTINUED)

The Plan issues its own policies and reinsures the Plan with reinsurance carriers. Only if the Plan's paid liability loss ratio exceeds 65% and is less than 80% does the Plan contribute to paid claims. (See the Plan's audited financial statements on the website for more details.) The individual members are responsible for their self-retention (deductible) amounts, which vary from member to member.

The Plan's audited financial statements conform with generally accepted accounting principles, and reported the following assets, liabilities and retained earnings at December 31, 2014 and 2013 (the latest information available):

| | 2014 | 2013 |
|-----------------|-------------|-------------|
| Assets | \$7,974,679 | \$6,841,599 |
| Liabilities | 2,780,801 | 4,052,930 |
| Members' Equity | 5,193,878 | 2,788,669 |

NOTE 18 – RELATED ORGANIZATIONS

Evergreen Community Library

The library is a distinct political subdivision of the State of Ohio created under Chapter 3375 of the Ohio Revised Code. The Library is governed by a Board of Trustees appointed by the Evergreen Local School District Board of Education. The Board of Trustees possesses its own contracting and budgeting authority, hires and fires personnel, and does not depend on the School District for operational subsidies. Although the School District does serve as the taxing authority and may issue tax related debt on behalf of the Library, its role is limited to a ministerial function. The determination to request approval of a tax, the rate and the purpose are discretionary decisions made solely by the Board of Trustees. Financial information can be obtained from the Evergreen Community Library, Jane Dominique, located at 253 Maple Street, Metamora, Ohio 43540.

NOTE 19 – SUBSEQUENT EVENT

On April 13, 2015, the Board passed a resolution authorizing the refunding of the 2005 series refunding bonds (dated 7/26/2005), which were originally issued in 1999 (dated 9/8/1999) for the purpose of constructing a new high school. The refunded bonds are par bonds being directly placed with Morgan Chase at a coupon rate of 2.203%. The par amount of the bonds is \$6,805,000.00, and the School District is contributing \$229,687.50 from the bond retirement fund which will cover the interest due 12/1/15, and the cost of issuance of \$94,495.

**EVERGREEN LOCAL SCHOOL DISTRICT
FULTON COUNTY**

**FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

| FEDERAL GRANTOR <i>Pass Through Grantor</i> Program Title | Federal CFDA Number | Receipts | Disbursements |
|--|---------------------------|-------------------------|-------------------------|
| U.S. DEPARTMENT OF AGRICULTURE | | | |
| <i>Passed Through Ohio Department of Education:</i> | | | |
| <u>Child Nutrition Cluster:</u> | | | |
| School Breakfast Program - Cash Assistance | 10.553 | \$36,914 | \$36,914 |
| National School Lunch Program | 10.555 | | |
| Cash Assistance | | 151,156 | 151,156 |
| Non- Cash Assistance (Food Distribution) | | <u>34,752</u> | <u>34,752</u> |
| Total National School Lunch Program | | <u>185,908</u> | <u>185,908</u> |
| Total Child Nutrition Cluster | | <u>222,822</u> | <u>222,822</u> |
| Total U.S. Department of Agriculture | | <u>222,822</u> | <u>222,822</u> |
| U.S. DEPARTMENT OF EDUCATION | | | |
| <i>Passed Through Ohio Department of Education:</i> | | | |
| <u>Special Education Cluster (IDEA):</u> | | | |
| Special Education - Grants to States (IDEA, Part B) | 84.027 | 254,251 | 254,251 |
| Special Education - Preschool Grants (IDEA, Preschool) | 84.173 | <u>12,669</u> | <u>12,669</u> |
| Total Special Education Cluster (IDEA) | | 266,920 | 266,920 |
| Title I Grants to Local Educational Agencies | 84.010 | 175,092 | 172,727 |
| Improving Teacher Quality State Grants | 84.367 | 35,977 | 35,964 |
| English Language Acquisition State Grant | 84.365 | <u>167</u> | <u>167</u> |
| Total U.S. Department of Education | | <u>478,156</u> | <u>475,778</u> |
| Totals | | <u>\$700,978</u> | <u>\$698,600</u> |

THE ACCOMPANYING NOTES ARE AN INTEGRAL PART OF THIS SCHEDULE.

**EVERGREEN LOCAL SCHOOL DISTRICT
FULTON COUNTY**

**NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES SCHEDULE
FOR THE FISCAL YEAR ENDED JUNE 30, 2015**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - SUBRECIPIENTS

The District passes certain federal awards received from the Ohio Department of Education to other governments or not-for-profit agencies (subrecipients). As Note A describes, the District reports expenditures of Federal awards to subrecipients when paid in cash.

As a subrecipient, the District has certain compliance responsibilities, such as monitoring its subrecipients to help assure they use these subawards as authorized by laws, regulations, and the provisions of contracts or grant agreements, and that subrecipients achieve the award's performance goals. The amount passed through to subrecipients was \$267,087.

NOTE C - CHILD NUTRITION CLUSTER

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

NOTE D – FOOD DONATION PROGRAM

The District reports commodities consumed on the Schedule at the entitlement value. The District allocated donated food commodities to the program that benefitted from the use of those donated food commodities.



Dave Yost • Auditor of State

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

Evergreen Local School District
Fulton County
14544 County Road 6
Metamora, Ohio 43540-9741

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 cash basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Evergreen Local School District, Fulton County, Ohio (the District) as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated February 3, 2016, wherein we noted the District uses a special purpose framework other than generally accepted accounting principles.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all internal control deficiencies that might be material weaknesses or significant deficiencies. Given these limitations, we did not identify any deficiencies in internal control that we consider material weaknesses. However, unidentified material weaknesses may exist.

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matters we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2015-001.

Entity's Response to Findings

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

Purpose of this Report

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



Dave Yost
Auditor of State

Columbus, Ohio

February 3, 2016



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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

Evergreen Local School District
Fulton County
14544 County Road 6
Metamora, Ohio 43540-9741

To the Board of Education:

Report on Compliance for Each Major Federal Program

We have audited Evergreen Local School District, Fulton County, Ohio's (the 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 District's major federal programs for the year ended June 30, 2015. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the District's major federal programs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to opine on the District's compliance for each of the 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 District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Evergreen Local School District, Fulton County, Ohio complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the District's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on 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 District's internal control over compliance.

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

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

This report only describes the scope of our internal control over 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

February 3, 2016

**EVERGREEN LOCAL SCHOOL DISTRICT
FULTON COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2015**

1. SUMMARY OF AUDITOR'S RESULTS

| | | |
|---------------------|---|---|
| (d)(1)(i) | Type of Financial Statement Opinion | Unmodified |
| (d)(1)(ii) | Were there any material control weaknesses reported at the financial statement level (GAGAS)? | No |
| (d)(1)(ii) | Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)? | 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? | No |
| (d)(1)(iv) | Were there any significant deficiencies in internal control reported for major federal programs? | No |
| (d)(1)(v) | Type of Major Programs' Compliance Opinion | Unqualified |
| (d)(1)(vi) | Are there any reportable findings under § .510(a)? | No |
| (d)(1)(vii) | Major Programs (list): | <u>Child Nutrition Cluster:</u> School Breakfast Program – CFDA - #10.533 and National School Lunch Program - CFDA #10.555 <u>Special Education Cluster:</u> Special Education Grants to States – CFDA #84.027 and Special Education Preschool Grants – CFDA #84.173 |
| (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 2015-001

Noncompliance Citation

Ohio Rev. Code §117.38, provides that each public office shall file a financial report for each fiscal year. The Auditor of State may prescribe forms by rule or may issue guidelines, or both, for such reports. If the Auditor of State has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office.

Ohio Admin. Code §117-2-03 (B), which further clarifies the requirements of Ohio Rev. Code §117.38, requires the District to file annual financial reports which are prepared using generally accepted accounting principles (GAAP).

Management decided to prepare the District's 2015 financial statements on a cash basis of accounting in a format similar to financial statements prescribed by Governmental Accounting Standard No. 34. This presentation differs from accounting principles generally accepted in the United States of America. The accompanying financial statements and notes omit assets, liabilities, fund equities, and disclosures that, while material cannot be determined at this time. The District can be fined and various other administrative remedies may be taken against the District.

We recommend the District take the necessary steps to ensure the financial report is prepared in accordance with generally accepted accounting principles.

Officials' Response:

Management believes reporting on a basis of accounting other than generally accepted accounting principles (GAAP) is more cost efficient.

**EVERGREEN LOCAL SCHOOL DISTRICT
FULTON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A -133 § .315 (b)
JUNE 30, 2015**

| Finding Number | Finding Summary | Fully Corrected? | Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain</i> |
|----------------|---|------------------|--|
| 2014-001 | Incorrect reporting of original budget amount for Income Tax revenues on budgetary statements, due to lack of review of unaudited audit draft by the management. | Yes | |
| 2014-002 | Finding for Recovery repaid under audit pursuant to Ohio Rev. Code § 117.28 issued for reimbursing an employee for \$3.50 for alcohol purchased at a conference. | Yes | |
| 2014-003 | Ohio Rev. Code § 117.38 and Ohio Admin. Code § 117-2-03 (B) – requires the District to prepare its annual financial report in accordance with generally accepted accounting principles. | No | Not corrected. Reissued as finding 2015-001 in this report. |

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Dave Yost • Auditor of State

EVERGREEN LOCAL SCHOOL DISTRICT

FULTON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
FEBRUARY 23, 2016**