



Dave Yost • Auditor of State

**GREEN LOCAL SCHOOL DISTRICT
SUMMIT COUNTY**

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Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Green Local School District
Summit County
1755 Town Park Boulevard
P.O. Box 218
Green, Ohio 44232

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Green Local School District, Summit 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 accounting principles generally accepted in the United States of America; this includes designing, implementing, and maintaining internal control relevant to preparing and fairly presenting financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the 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 financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Green Local School District, Summit County, Ohio, as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 4 to the financial statements, during the year ended June 30, 2015, the District adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – An Amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transitions for Contributions Made Subsequent to the Measurement Date*. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

The Schedule of 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 the Schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves in accordance with auditing standards generally accepted in the United States of America. In our opinion, this Schedule is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 4, 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.

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

Dave Yost
Auditor of State
Columbus, Ohio

March 4, 2016

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Green Local School District
Summit County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
(Unaudited)

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

Financial Highlights

Key financial highlights for 2015 are as follows:

- Net position increased \$6,590,022, which represents a 15 percent increase from 2014. This increase is partially due to a significant increase in tax valuation. There was also a \$1.9 million increase in intergovernmental revenue caused by an increase in foundation and the Straight A grant awarded to the School District.
- Capital assets decreased \$106,729 during fiscal year 2015 due to depreciation exceeding additions.
- During the year, outstanding debt decreased from \$19,196,316 to \$16,132,698 due to principal payments made by the School District.
- The School District implemented GASB 68, which reduced beginning net position as previously reported by \$53.8 million.

Using this Annual Report

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 Green Local School District as a whole entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The *Statement of Net Position and Statement of Activities* provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other nonmajor funds presented in total in one column. In the case of the Green Local School District, the general, debt service and permanent improvement funds are by far the most significant funds.

Green Local School District
Summit County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
(Unaudited)

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While the basic financial statements contain the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2015?" The *Statement of Net Position* and the *Statement of Activities* answer this question. These statements include all assets, deferred outflows of resources, liabilities and deferred inflows of resources using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

In the *Statement of Net Position* and the *Statement of Activities*, Governmental Activities include the School District's programs and services, including instruction, support services, extracurricular activities, and non-instructional services, e.g., food service operations.

Reporting the School District's Most Significant Funds

Fund Financial Statements

The major funds financial statements begin on page 19. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions; however, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the general fund, debt service fund and permanent improvement fund.

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

Green Local School District
Summit County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
(Unaudited)

Reporting the School District's Fiduciary Responsibilities

The School District is the trustee, or fiduciary, for some of its scholarship programs. This activity is presented as a private purpose trust fund. The School District also acts in a trustee capacity as an agent for individuals, private organizations, other governmental units and/or other funds. These activities are reported in one agency fund. The School District's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position on pages 24 and 25. These activities are excluded from the School District's other financial statements because the assets cannot be utilized by the School District to finance its operations.

The School District as a Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position for 2015 compared to 2014:

Table 1
Net Position

	Governmental Activities	
	2015	2014 Restated
Assets		
Current and Other Assets	\$ 34,728,542	\$ 34,243,969
Capital Assets	36,960,889	37,067,618
<i>Total Assets</i>	<u>71,689,431</u>	<u>71,311,587</u>
Deferred Outflows of Resources		
Deferred Charges on Refunding	49,519	59,422
Pension	3,686,333	3,273,700
<i>Total Deferred Outflows of Resources</i>	<u>3,735,852</u>	<u>3,333,122</u>
Liabilities		
Other Liabilities	5,883,753	7,563,652
Long-Term Liabilities		
Due Within One Year	2,707,150	2,514,213
Due in More Than One Year		
Net Pension Liability	48,019,279	57,058,052
Other Amounts	27,656,835	29,902,668
<i>Total Liabilities</i>	<u>84,267,017</u>	<u>97,038,585</u>
Deferred Inflows of Resources		
Property Taxes Levied for the Next Year	19,970,531	21,692,644
Pension	8,684,233	0
<i>Total Deferred Inflows of Resources</i>	<u>28,654,764</u>	<u>21,692,644</u>
Net Position		
Net Investment in Capital Assets	20,767,836	21,028,215
Restricted	4,599,525	4,710,263
Unrestricted	(62,863,859)	(69,824,998)
<i>Total Net Position</i>	<u>\$ (37,496,498)</u>	<u>\$ (44,086,520)</u>

Green Local School District
Summit County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
(Unaudited)

During 2015, the School District adopted Governmental Accounting Standards Board (GASB) Statement 68, *Accounting and Financial Reporting for Pensions—an Amendment of GASB Statement 27*, which significantly revises accounting for pension costs and liabilities and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - An Amendment of GASB Statement No. 68*. For reasons discussed below, many end users of this financial statement will gain a clearer understanding of the School District's actual financial condition by adding deferred inflows related to pension and the net pension liability to the reported net position and subtracting deferred outflows related to pension.

Governmental Accounting Standards Board standards are national and apply to all government financial reports prepared in accordance with generally accepted accounting principles. When accounting for pension costs, GASB 27 focused on a funding approach. This approach limited pension costs to contributions annually required by law, which may or may not be sufficient to fully fund each plan's *net pension liability*. GASB 68 takes an earnings approach to pension accounting; however, the nature of Ohio's statewide pension systems and state law governing those systems requires additional explanation in order to properly understand the information presented in these statements.

Under the new standards required by GASB 68, the net pension liability equals the School District's proportionate share of each plan's collective:

1. Present value of estimated future pension benefits attributable to active and inactive employees' past service
2. Minus plan assets available to pay these benefits

GASB notes that pension obligations, whether funded or unfunded, are part of the "employment exchange" – that is, the employee is trading his or her labor in exchange for wages, benefits, and the promise of a future pension. GASB noted that the unfunded portion of this pension promise is a present obligation of the government, part of a bargained-for benefit to the employee, and should accordingly be reported by the government as a liability since they received the benefit of the exchange. However, the School District is not responsible for certain key factors affecting the balance of this liability. In Ohio, the employee shares the obligation of funding pension benefits with the employer. Both employer and employee contribution rates are capped by State statute. A change in these caps requires action of both Houses of the General Assembly and approval of the Governor. Benefit provisions are also determined by State statute. The employee enters the employment exchange with the knowledge that the employer's promise is limited not by contract but by law. The employer enters the exchange also knowing that there is a specific, legal limit to its contribution to the pension system. In Ohio, there is no legal means to enforce the unfunded liability of the pension system *as against the public employer*. State law operates to mitigate/lessen the moral obligation of the public employer to the employee, because all parties enter the employment exchange with notice as to the law. The pension system is responsible for the administration of the plan.

Green Local School District
Summit County, Ohio
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(Unaudited)

Most long-term liabilities have set repayment schedules or, in the case of compensated absences (i.e. sick and vacation leave), are satisfied through paid time-off or termination payments. There is no repayment schedule for the net pension liability. As explained above, changes in pension benefits, contribution rates, and return on investments affect the balance of the net pension liability, but are outside the control of the local government. In the event that contributions, investment returns, and other changes are insufficient to keep up with required pension payments, State statute does not assign/identify the responsible party for the unfunded portion. Due to the unique nature of how the net pension liability is satisfied, this liability is separately identified within the long-term liability section of the statement of net position.

In accordance with GASB 68, the School District's statements prepared on an accrual basis of accounting include an annual pension expense for their proportionate share of each plan's *change* in net pension liability not accounted for as deferred inflows/outflows of resources.

As a result of implementing GASB 68, the School District is reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting. This implementation also had the effect of restating net position at June 30, 2014, from \$9,697,832 to \$(44,086,520).

At year end, capital assets represented 52 percent of total assets. Capital assets include land, construction in progress, buildings and improvements, furniture and equipment and vehicles. Net investment in capital assets was \$20,767,836 at June 30, 2015. These capital assets are used to provide services to students and are not available for future spending. Although the School District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the School District's net position, \$4,599,525, represents resources that are subject to external restrictions on how they may be used.

There was a \$1.7 million decrease in other liabilities that was primarily caused by the retirement of the note payable for the School District's tax anticipation notes. Long-term liabilities decreased \$11.1 million from fiscal year 2014, primarily due to principal payments made on debt obligations and a decrease in net pension liability. There was a \$1.7 million decrease in deferred inflows of resources due to an increase in property tax available for advance as compared to 2014 and an \$8.7 million increase in deferred inflows related to pension as a result of the implementation of GASB 68.

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Green Local School District
Summit County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
(Unaudited)

In order to further understand what makes up the changes in net position for the current year, the following table gives readers further details regarding the results of activities for 2015 and 2014.

Table 2
Changes in Net Position

	Governmental Activities	
	2015	2014
Revenues		
<i>Program Revenues:</i>		
Charges for Services	\$ 2,058,409	\$ 2,302,575
Operating Grants	4,180,303	3,324,848
Capital Grants	809,085	807,537
<i>Total Program Revenues</i>	<u>7,047,797</u>	<u>6,434,960</u>
<i>General Revenues:</i>		
Property Taxes	27,523,957	27,907,194
Grants and Entitlements Not Restricted	14,611,142	13,546,410
Other	349,888	330,786
<i>Total General Revenues</i>	<u>42,484,987</u>	<u>41,784,390</u>
<i>Total Revenues</i>	<u>49,532,784</u>	<u>48,219,350</u>
Program Expenses		
<i>Instruction:</i>		
Regular	16,888,791	16,841,009
Special	6,558,314	5,518,764
Vocational	71,307	137,818
Student Intervention Services	67,290	62,752
Other	1,902,542	1,667,924
<i>Support Services:</i>		
Pupils	2,421,490	2,636,154
Instructional Staff	1,804,437	1,522,329
Board of Education	46,074	25,158
Administration	2,696,278	2,788,193
Fiscal	1,046,551	1,213,756
Business	209,232	215,303
Operation and Maintenance of Plant	3,455,924	3,063,379
Pupil Transportation	2,040,906	2,107,593
Central	638,971	25,569
<i>Operation of Non-Instructional Services:</i>		
Food Service Operations	1,063,677	1,066,452
Community Services	47,755	129,775
Extracurricular Activities	1,340,608	1,344,657
<i>Debt Service:</i>		
Interest and Fiscal Charges	642,615	654,091
<i>Total Expenses</i>	<u>42,942,762</u>	<u>41,020,676</u>
<i>Increase (Decrease) in Net Position</i>	<u>\$ 6,590,022</u>	<u>\$ 7,198,674</u>

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(Unaudited)

The information necessary to restate the 2014 beginning balances and the 2014 pension expense amounts for the effects of the initial implementation of GASB 68 is not available. Therefore, 2014 functional expenses still include pension expense of \$3,273,700 computed under GASB 27. GASB 27 required recognizing pension expense equal to the contractually required contributions to the plan. Under GASB 68, pension expense represents additional amounts earned, adjusted by deferred inflows/outflows. The contractually required contribution is no longer a component of pension expense. Under GASB 68, the 2015 statements report pension expense of \$2,466,679. Consequently, in order to compare 2015 total program expenses to 2014, the following adjustments are needed:

Total 2015 program expenses under GASB 68	\$	42,942,762
Pension expense under GASB 68		(2,466,679)
2015 contractually required contribution		<u>3,233,852</u>
Adjusted 2015 program expenses		43,709,935
Total 2014 program expenses under GASB 27		<u>41,020,676</u>
Increase in program expenses not related pension	\$	<u>2,689,259</u>

Certain foundation payments for special education and transportation were reclassified to program revenue from general revenue for fiscal year 2015. For comparability purposes, fiscal year 2014 was also updated in Tables 2 and 3 to reflect this change.

Total revenue increased \$1.3 million from fiscal year 2014. The \$855,455 increase in operating grants and contributions was caused by the Straight A Grant, and a \$1.0 million increase grants and entitlements not restricted was caused by an increase in foundation revenue. These were offset by slight decreases in property tax revenue and charges for services.

Total expenses not related to pension increased almost \$2.7 million. The School District saw a \$1.0 million increase in expenditures in special education during fiscal year 2015. This was caused by a legal settlement that was paid during fiscal year 2015 as well as an increase in student placements which also caused an increase in staff. There was also a \$282,108 increase in instructional staff that was primarily caused by the purchase of textbooks and technology equipment and the \$392,545 increase in operation of maintenance of plant was caused by several repair and maintenance projects completed during fiscal year 2015. The School District used the Straight A grant revenue to purchase new technology for student use which increased central support services by \$613,402.

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

Green Local School District
Summit County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
(Unaudited)

Table 3
Governmental Activities

	Total Cost of Service		Net Cost of Service	
	2015	2014	2015	2014
Instruction:				
Regular	\$ 16,888,791	\$ 16,841,009	\$ 16,133,339	\$ 15,700,192
Special	6,558,314	5,518,764	4,657,843	3,721,568
Vocational	71,307	137,818	67,413	134,293
Student Intervention Services	67,290	62,752	67,290	62,752
Other	1,902,542	1,667,924	1,902,542	1,667,924
Support Services:				
Pupils	2,421,490	2,636,154	1,484,343	1,547,146
Instructional Staff	1,804,437	1,522,329	1,689,109	1,379,132
Board of Education	46,074	25,158	46,074	25,158
Administration	2,696,278	2,788,193	2,696,278	2,788,193
Fiscal	1,046,551	1,213,756	1,046,551	1,213,756
Business	209,232	215,303	209,232	215,303
Operation and Maintenance of Plant	3,455,924	3,063,379	3,071,060	2,681,580
Pupil Transportation	2,040,906	2,107,593	1,963,778	2,031,432
Central	638,971	25,569	(538,904)	25,569
Operation of Non-Instructional Services:				
Food Service Operations	1,063,677	1,066,452	34,032	(6,337)
Community Services	47,755	129,775	2,878	(9,655)
Extracurricular Activities	1,340,608	1,344,657	719,492	753,619
Debt Service:				
Interest and Fiscal Charges	642,615	654,091	642,615	654,091
<i>Total Expenses</i>	\$ 42,942,762	\$ 41,020,676	\$ 35,894,965	\$ 34,585,716

The dependence upon general revenues for governmental activities is apparent. Almost 84 percent of governmental activities are supported through taxes and other general revenues; such revenues are 86 percent of total governmental revenues. The community, as a whole, is by far the primary support for the School District students.

Governmental Funds

Information about the School District's major funds starts on page 19. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$49,181,443, and expenditures of \$45,196,953 for fiscal year 2015.

The general fund's net change in fund balance for fiscal year 2015 was an increase of \$4.5 million. Revenue increased \$574,032. This was primarily caused by a \$1.1 million increase in intergovernmental revenue due to an increase in State foundation receipts and grant revenue received, offset by a \$451,479 decrease in property tax revenue. Expenditures saw an increase of \$1.1 million which was primarily caused by a legal settlement paid during fiscal year 2015 as well as an increase in special education student placement, which also caused an increase in staff.

The fund balance of the debt service fund increased by \$129,105 due to the timing of revenues to cover debt payments.

Green Local School District
Summit County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
(Unaudited)

The fund balance of the permanent improvement fund increased by \$472,861 as a result of the timing difference of the collection of taxes as compared to project expenditures.

General Fund Budgeting Highlights

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

During the course of fiscal year 2015, the School District amended its general fund budget. The School District uses site-based budgeting and budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

For the general fund, actual budget basis revenue was \$36,890,599, which was higher than the final budget basis revenue by \$564. Final budget revenue increased \$1.9 million over the original budget. Intergovernmental revenue increased \$814,302 due to an increase in foundation revenue. There was also a \$1.0 million estimated increase for property tax revenue caused by a significant increase in the tax valuation for the School District.

Final expenditure appropriations of \$36,095,306 were \$145,348 higher than the actual expenditures of \$35,949,958. Final appropriations were \$835,927 higher than original appropriations. This variance was caused when the School District increased the appropriations to keep them in line with the additional resources available.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2015, the School District had \$36,960,889 invested in capital assets. Table 4 shows fiscal year 2015 balances compared with 2014.

Table 4
Capital Assets at June 30
(Net of Depreciation)

	Governmental Activities	
	2015	2014
Land	\$ 1,031,143	\$ 1,031,143
Construction in Progress	242,352	437,669
Buildings and Improvements	33,939,172	33,702,661
Furniture and Equipment	814,495	872,513
Vehicles	933,727	1,023,632
<i>Totals</i>	\$ 36,960,889	\$ 37,067,618

The \$106,729 decrease in capital assets was attributable to depreciation exceeding additional purchases and construction in progress. See Note 9 for more information about the capital assets of the School District.

Green Local School District
Summit County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
(Unaudited)

Debt

At June 30, 2015, the School District had \$16,132,698 in debt outstanding. See Note 14 for additional details. Table 5 summarizes bonds, notes and leases outstanding.

Table 5
Outstanding Debt at Year End

	Governmental Activities	
	2015	2014
2009 Bond Refunding	\$ 7,165,000	\$ 8,455,000
Premium on Debt Issuance	170,143	204,172
Learning Center Obligation	6,710,902	7,001,984
Energy Conservation Bond	1,718,541	1,718,541
Capital Lease	368,112	483,285
Notes Payable	0	1,333,334
<i>Total</i>	<u>\$ 16,132,698</u>	<u>\$ 19,196,316</u>

Current Issues

The Green Local School District continues to receive strong support from the residents of Green Local School District. As the preceding information shows, Green Local School District relies heavily on its local property taxpayers. The last new emergency levy passed by the residents of the district was in May 2012, in the amount of \$4.8 million. The local voters also passed a \$4.1 million renewal emergency levy in May 2014 by over 70 percent.

Real estate and personal property tax collections have shown small increases. The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. The overall revenue generated by a levy will not increase solely as a result of inflation due the passage of emergency levies which can only derive the dollar amount indicated by the levy. As an example, a homeowner with a home valued at \$100,000 and taxed at 1.0 mill would pay \$35.00 annually in taxes. If three years later the home was reappraised and increased to \$200,000 (and this inflationary increase in value is comparable to other property owners) the effective tax rate would become .5 mills and the owner would still pay \$35.00.

Thus, Green Local School District's dependence upon property taxes is hampered by a lack of revenue growth and must regularly return to the voters to maintain a constant level of service. Property taxes made up 56 percent of revenues for governmental activities for the Green Local School District in fiscal year 2015.

Green Local School District has also been affected by increased delinquency rates and changes in the personal property tax structure (utility deregulation) and commercial business/property uncertainties. Management has diligently planned expenses so that the new levy will stretch for the five years it is planned and beyond. This will be increasingly difficult with mandates in gifted education, rising utility costs and gasoline expenses, increased special education services required for our students, and significant increases in health insurance and property/liability/fleet insurance.

Green Local School District
Summit County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2015
(Unaudited)

Green Local School District saw a 10 percent increase in foundation revenue in fiscal year 2015 on a cash basis. This resulted in over \$1.1 million in additional revenue for the School District. The School District will receive slightly more than \$1.3 million over the next 2 fiscal years, but over \$300,000 will be lost due to increased school choice mandates. The School District also currently receives slightly over \$200,000 in casino revenue.

All scenarios require management to plan carefully and prudently to provide the resources to meet student needs over the next several years.

In addition, Green Local School District's systems of budgeting and internal controls are well regarded. All of Green Local School District's financial abilities will be needed to meet the challenges of the future.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Eydie Snowberger, Treasurer of Green Local School District, 1755 Town Park Blvd, P.O. Box 218, Green, Ohio 44232.

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Green Local School District
Summit County, Ohio
Statement of Net Position
June 30, 2015

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 8,283,203
Receivables:	
Intergovernmental	591,246
Property Taxes	25,854,093
Nondepreciable Capital Assets	1,273,495
Depreciable Capital Assets (Net)	35,687,394
<i>Total Assets</i>	71,689,431
Deferred Outflows of Resources	
Deferred Charges on Refunding	49,519
Pension	3,686,333
<i>Total Deferred Outflows of Resources</i>	3,735,852
Liabilities	
Accounts Payable	220,534
Accrued Wages and Benefits	4,179,378
Contracts Payable	95,296
Intergovernmental Payable	858,034
Retainage Payable	14,578
Vacation Leave Payable	160,481
Matured Compensated Absences Payable	272,045
Accrued Interest Payable	83,407
Long Term Liabilities:	
Due Within One Year	2,707,150
Due In More Than One Year	
Other Amounts Due In More Than One Year	27,656,835
Net Pension Liability	48,019,279
<i>Total Liabilities</i>	84,267,017
Deferred Inflows of Resources	
Property Taxes Levied for the Next Year	19,970,531
Pension	8,684,233
<i>Total Deferred Inflows of Resources</i>	28,654,764
Net Position	
Net Investment in Capital Assets	20,767,836
Restricted For:	
Capital Outlay	2,866,414
Debt Service	1,043,538
Other Purposes	689,573
Unrestricted	(62,863,859)
<i>Total Net Position</i>	\$ (37,496,498)

See accompanying notes to the basic financial statements.

Green Local School District
Summit County, Ohio
Statement of Activities
For the Fiscal Year Ended June 30, 2015

	Expenses	Program Revenues			Net (Expense)
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
					Governmental Activities
Governmental Activities					
Instruction:					
Regular	\$ 16,888,791	\$ 755,452	\$ 0	\$ 0	\$ (16,133,339)
Special	6,558,314	248,037	1,652,434	0	(4,657,843)
Vocational	71,307	0	3,894	0	(67,413)
Student Intervention Services	67,290	0	0	0	(67,290)
Other	1,902,542	0	0	0	(1,902,542)
Support Services:					
Pupils	2,421,490	245,295	691,852	0	(1,484,343)
Instructional Staff	1,804,437	0	115,328	0	(1,689,109)
Board of Education	46,074	0	0	0	(46,074)
Administration	2,696,278	0	0	0	(2,696,278)
Fiscal	1,046,551	0	0	0	(1,046,551)
Business	209,232	0	0	0	(209,232)
Operation and Maintenance of Plant	3,455,924	0	0	384,864	(3,071,060)
Pupil Transportation	2,040,906	0	77,128	0	(1,963,778)
Central	638,971	0	1,177,875	0	538,904
Operation of Non-Instructional Services:					
Food Service Operations	1,063,677	612,730	416,915	0	(34,032)
Community Services	47,755	0	44,877	0	(2,878)
Extracurricular Activities	1,340,608	196,895	0	424,221	(719,492)
Debt Service:					
Interest and Fiscal Charges	642,615	0	0	0	(642,615)
Total	\$ 42,942,762	\$ 2,058,409	\$ 4,180,303	\$ 809,085	(35,894,965)

General Revenues

Property Taxes Levied for:

General Purposes	22,874,968
Debt Service	1,534,978
Capital Outlay	3,114,011
Grants and Entitlements Not Restricted to Specific Programs	14,611,142
Investment Earnings	5,146
Miscellaneous	344,742
Total General Revenues	42,484,987

Change in Net Position

6,590,022

Net Position Beginning of Year - Restated, See Note 4

(44,086,520)

Net Position End of Year

\$ (37,496,498)

See accompanying notes to the basic financial statements.

Green Local School District
Summit County, Ohio
Balance Sheet
Governmental Funds
June 30, 2015

	General	Debt Service	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$ 4,903,240	\$ 738,142	\$ 2,431,362	\$ 210,459	\$ 8,283,203
Receivables:					
Interfund	27,157	0	0	0	27,157
Intergovernmental	49,708	0	0	541,538	591,246
Property Taxes	21,366,428	1,537,327	2,950,338	0	25,854,093
<i>Total Assets</i>	<u>\$ 26,346,533</u>	<u>\$ 2,275,469</u>	<u>\$ 5,381,700</u>	<u>\$ 751,997</u>	<u>\$ 34,755,699</u>
Liabilities					
Accounts Payable	\$ 146,422	\$ 0	\$ 53,285	\$ 20,827	\$ 220,534
Accrued Wages and Benefits	3,971,337	0	62,833	145,208	4,179,378
Contracts Payable	0	0	95,296	0	95,296
Intergovernmental Payable	816,676	0	10,348	31,010	858,034
Retainage Payable	0	0	14,578	0	14,578
Matured Compensated Absences Payable	250,857	0	8,321	12,867	272,045
Interfund Payable	0	0	0	27,157	27,157
<i>Total Liabilities</i>	<u>5,185,292</u>	<u>0</u>	<u>244,661</u>	<u>237,069</u>	<u>5,667,022</u>
Deferred Inflows of Resources					
Property Taxes Levied for the Next Year	16,481,547	1,208,153	2,280,831	0	19,970,531
Unavailable Revenue	316,370	18,814	38,266	218,182	591,632
<i>Total Deferred Inflows of Resources</i>	<u>16,797,917</u>	<u>1,226,967</u>	<u>2,319,097</u>	<u>218,182</u>	<u>20,562,163</u>
Fund Balances					
Restricted	0	1,048,502	2,817,942	335,186	4,201,630
Assigned	306,173	0	0	0	306,173
Unassigned	4,057,151	0	0	(38,440)	4,018,711
<i>Total Fund Balances</i>	<u>4,363,324</u>	<u>1,048,502</u>	<u>2,817,942</u>	<u>296,746</u>	<u>8,526,514</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$ 26,346,533</u>	<u>\$ 2,275,469</u>	<u>\$ 5,381,700</u>	<u>\$ 751,997</u>	<u>\$ 34,755,699</u>

See accompanying notes to the basic financial statements.

Green Local School District
Summit County, Ohio
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
June 30, 2015

Total Governmental Fund Balances		\$ 8,526,514
 <i>Amounts reported for governmental activities in the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		36,960,889
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Property Taxes	\$ 335,687	
Excess Costs	37,763	
Intergovernmental	218,182	
Total	591,632	591,632
The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in the governmental funds.		
Deferred Outflows - Pension	3,686,333	
Deferred Inflows - Pension	(8,684,233)	
Net Pension Liability	(48,019,279)	(53,017,179)
In the statement of activities, interest is accrued on outstanding bonds, whereas in the governmental funds, an interest expenditure is not reported.		(83,407)
In the statement of activities, a loss on refunding is amortized over the term of the bonds, whereas in governmental funds a refunding loss is reported when bonds are issued.		49,519
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
Learning Center Obligation	(6,710,902)	
General Obligation Bonds	(9,053,684)	
Capital Lease Obligation	(368,112)	
Claims Settlement Payable	(275,857)	
Compensated Absences	(2,036,322)	
Early Retirement Incentive	(75,000)	
Vacations Payable	(160,481)	
Unearned Revenue-Long Term (See Note 14)	(11,844,108)	(30,524,466)
<i>Net Position of Governmental Activities</i>		\$ (37,496,498)

See accompanying notes to the basic financial statements.

Green Local School District
Summit County, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2015

	General	Debt Service	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Revenues					
Property and Other Local Taxes	\$ 22,878,450	\$ 1,534,964	\$ 3,113,660	\$ 0	\$ 27,527,074
Intergovernmental	15,589,602	217,841	483,413	2,769,248	19,060,104
Investment Income	5,065	0	0	208	5,273
Tuition and Fees	1,046,376	0	0	0	1,046,376
Extracurricular Activities	376,329	0	0	194,157	570,486
Rentals	14,658	0	0	0	14,658
Charges for Services	0	0	0	612,730	612,730
Contributions and Donations	0	0	0	1,500	1,500
Miscellaneous	314,623	8,556	17,257	2,806	343,242
<i>Total Revenues</i>	<u>40,225,103</u>	<u>1,761,361</u>	<u>3,614,330</u>	<u>3,580,649</u>	<u>49,181,443</u>
Expenditures					
Current:					
Instruction:					
Regular	15,771,598	0	61,759	12,264	15,845,621
Special	6,155,774	0	1,931	527,064	6,684,769
Vocational	71,535	0	0	0	71,535
Student Intervention Services	69,480	0	0	0	69,480
Other	1,902,717	0	0	0	1,902,717
Support Services:					
Pupils	1,886,501	0	0	711,982	2,598,483
Instructional Staff	1,074,968	0	649,470	124,196	1,848,634
Board of Education	46,383	0	0	0	46,383
Administration	2,461,903	0	193,423	0	2,655,326
Fiscal	977,969	22,806	47,518	0	1,048,293
Business	211,406	0	0	0	211,406
Operation and Maintenance of Plant	2,285,662	0	563,171	0	2,848,833
Pupil Transportation	1,835,050	0	143,100	0	1,978,150
Central	7,036	0	0	630,492	637,528
Extracurricular Activities	851,956	0	66,325	211,162	1,129,443
Operation of Non-Instructional Services:					
Food Service Operations	0	0	585	1,059,756	1,060,341
Community Services	0	0	0	47,755	47,755
Capital Outlay	0	0	750,848	1,412,203	2,163,051
Debt Service:					
Principal Retirement	0	1,290,000	406,255	0	1,696,255
Interest and Fiscal Charges	76,416	319,450	257,084	0	652,950
<i>Total Expenditures</i>	<u>35,686,354</u>	<u>1,632,256</u>	<u>3,141,469</u>	<u>4,736,874</u>	<u>45,196,953</u>
<i>Net Change in Fund Balance</i>	4,538,749	129,105	472,861	(1,156,225)	3,984,490
<i>Fund Balance (Deficit) Beginning of Year</i>	<u>(175,425)</u>	<u>919,397</u>	<u>2,345,081</u>	<u>1,452,971</u>	<u>4,542,024</u>
<i>Fund Balance End of Year</i>	<u>\$ 4,363,324</u>	<u>\$ 1,048,502</u>	<u>\$ 2,817,942</u>	<u>\$ 296,746</u>	<u>\$ 8,526,514</u>

See accompanying notes to the basic financial statements.

**Green Local School District
Summit County, Ohio**

*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2015*

Net Change in Fund Balances - Total Governmental Funds	\$	3,984,490
 <i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded additions in the current period.		
Capital Asset Additions	\$ 1,653,624	
Current Year Depreciation	<u>(1,760,353)</u>	(106,729)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Unearned Revenue	424,221	
Property Taxes	(3,118)	
Excess Costs	(185,839)	
Intergovernmental	<u>116,077</u>	351,341
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
General Obligation Bonds	1,290,000	
Learning Center Obligation	291,082	
Capital Leases	<u>115,173</u>	1,696,255
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		3,233,852
Except for amount reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.		(2,466,679)
In the statement of activities, interest is accrued on outstanding bonds, and bond premium and gain/loss on refunding are amortized over the term of the bonds, whereas in governmental funds, an interest expenditure is reported when bonds are issued.		
Accrued Interest Payable	(13,791)	
Amortization of Premium on Bonds	34,029	
Amortization of Refunding Loss	<u>(9,903)</u>	10,335
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Compensated Absences and Severance	(315,030)	
Vacations Payable	(11,234)	
Claims Settlement Payable	<u>213,421</u>	<u>(112,843)</u>
<i>Change in Net Position of Governmental Activities</i>	\$	<u>6,590,022</u>

See accompanying notes to the basic financial statements.

Green Local School District
Summit County, Ohio
Statement of Revenues, Expenditures, and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2015

	Budgeted Amounts			Variance with Final Budget Over (Under)
	Original	Final	Actual	
Revenues				
Property and Other Local Taxes	\$ 18,911,431	\$ 19,945,710	\$ 19,944,083	\$ (1,627)
Intergovernmental	14,889,229	15,703,531	15,702,250	(1,281)
Investment Income	4,803	5,100	5,065	(35)
Tuition and Fees	997,687	1,052,138	1,052,165	27
Extracurricular Activities	81,674	86,141	86,134	(7)
Rentals	434	208	458	250
Miscellaneous	95,243	97,207	100,444	3,237
Total Revenues	34,980,501	36,890,035	36,890,599	564
Expenditures				
Current:				
Instruction:				
Regular	16,436,488	16,435,010	15,871,393	563,617
Special	5,776,386	6,030,305	6,113,996	(83,691)
Vocational	77,609	77,412	75,019	2,393
Student Intervention Services	29,399	29,200	75,605	(46,405)
Other	1,593,076	1,588,124	1,882,818	(294,694)
Support Services:				
Pupils	1,753,631	1,749,127	1,712,574	36,553
Instructional Staff	842,655	1,125,809	1,082,145	43,664
Board of Education	34,543	34,401	54,159	(19,758)
Administration	2,281,045	2,298,500	2,513,208	(214,708)
Fiscal	952,262	1,199,648	993,826	205,822
Business	233,903	233,350	210,422	22,928
Operation and Maintenance of Plant	2,457,103	2,450,425	2,539,136	(88,711)
Pupil Transportation	1,920,717	1,915,737	1,893,302	22,435
Central	7,219	7,200	7,036	164
Extracurricular Activities	863,185	860,909	865,170	(4,261)
Debt Service:				
Interest and Fiscal Charges	158	60,149	60,149	0
Total Expenditures	35,259,379	36,095,306	35,949,958	145,348
<i>Excess of Revenues Over (Under) Expenditures</i>	<i>(278,878)</i>	<i>794,729</i>	<i>940,641</i>	<i>145,912</i>
Other Financing Sources (Uses)				
Proceeds from Sale of Capital Assets	3,139	3,310	3,310	0
Refund of Prior Year Expenditures	217,901	229,818	229,799	(19)
Total Other Financing Sources (Uses)	221,040	233,128	233,109	(19)
Net Change in Fund Balance	(57,838)	1,027,857	1,173,750	145,893
Fund Balance Beginning of Year	2,616,506	2,616,506	2,616,506	0
Prior Year Encumbrances Appropriated	461,446	461,446	461,446	0
Fund Balance End of Year	\$ 3,020,114	\$ 4,105,809	\$ 4,251,702	\$ 145,893

See accompanying notes to the basic financial statements.

Green Local School District
Summit County, Ohio
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2015

	Private Purpose Trust	Agency
Assets		
Equity in Pooled Cash and Cash Equivalents	\$ 2,669	\$ 211,449
Liabilities		
Accounts Payable	0	\$ 4,525
Undistributed Monies	0	206,924
<i>Total Liabilities</i>	0	\$ 211,449
Net Position		
Held in Trust for Scholarships	\$ 2,669	

See accompanying notes to the basic financial statements.

Green Local School District
Summit County, Ohio
Statement of Changes in Fiduciary Net Position
Private Purpose Trust Fund
For the Fiscal Year Ended June 30, 2015

	<u>Private Purpose Trust</u>
<i>Net Position Beginning of Year</i>	<u>\$ 2,669</u>
<i>Net Position End of Year</i>	<u><u>\$ 2,669</u></u>

See accompanying notes to the basic financial statements.

Green Local School District
Summit County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 1 – DESCRIPTION OF THE SCHOOL DISTRICT

Green Local School District (the School District) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The School District operates under a locally-elected five-member board of education and provides educational services as mandated by state and/or federal agencies.

The School District provides more than instruction to its students. These additional services include student guidance, extracurricular activities, educational media, and care and upkeep of grounds and buildings. The operation of each of these activities is directly controlled by the Board of Education through the budgetary process. These School District operations will be included as part of the reporting entity.

Financial accountability is defined as the appointment of a voting majority of the component unit's board and either (1) the School District's ability to impose its will over the component unit, or (2) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the School District. Management has determined the School District has no component units.

The School District is associated with two jointly governed organizations and one public entity risk pool. These organizations are the Northeast Ohio Network, the Interval Opportunity School and the Stark County Schools Council of Governments. These organizations are presented in Notes 18 and 19 to the basic financial statements.

On this basis, the basic financial statements include all of the funds of the School District over which the Board of Education exercises operating control.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

The most significant of the School District's accounting policies are described below.

A. Basis of Presentation

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

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

Green Local School District
Summit County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

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

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

B. Fund Accounting

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

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

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

Debt Service Fund The debt service fund is used to account for the accumulation of property tax revenues for, and the payment of, general obligation bonds used for the construction and renovation of facilities.

Permanent Improvement Fund The permanent improvement fund accounts for financial resources to be used for the acquisitions, construction, or improvement of major capital facilities other than those financed by proprietary funds.

The other governmental funds of the School District account for grants and other resources to which the School District is bound to observe constraints imposed upon the use of the resources.

Green Local School District
Summit County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

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

C. Measurement Focus

Government-wide Financial Statements The government-wide financial statements are prepared using the economic resources measurement focus. All non-fiduciary assets and deferred outflows of resources and liabilities and deferred inflows of resources associated with the operation of the School District are included on the statement of net position.

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

The private purpose trust fund is reported using the economic resources measurement focus. Agency funds do not report a measurement focus as they do not report operations.

D. Basis of Accounting

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Fiduciary funds also use the accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred outflows/inflows of resources, and in the presentation of expenses versus expenditures.

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

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Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied. (See Note 7) Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

Deferred Inflows of Resources and Deferred Outflows of Resources In addition to assets, the statements of financial position will sometimes report a separate section for deferred outflows of resources. Deferred outflows of resources represent a consumption of net position that applies to a future period and will not be recognized as an outflow of resources (expense/expenditure) until then. For the School District, deferred outflows of resources are reported on the government-wide statement of net position for deferred charges on refunding and for pension. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows of resources related to pension are explained in Note 12.

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the School District, deferred inflows of resources include property taxes, pension, and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2015, but which were levied to finance fiscal year 2016 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District, unavailable revenue may include delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension are reported on the government-wide statement of net position. (See Note 12).

Expenses/Expenditures On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the fund financial statements as “Intergovernmental Revenue” and an expenditure of “Food Service Operations.” In addition, this amount is reported on the statement of activities as an expense with a like amount reported within the “Operating Grants and Contributions” program revenue account.

Under the modified accrual basis the measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

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E. Cash and Cash Equivalents

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

During fiscal year 2015, the School District had investments in a repurchase agreement. See Note 6 for a full listing of the School District's investments. Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investments contracts such as overnight repurchase agreements are reported at cost.

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

Following Ohio statutes, the Board of Education has, by resolutions, identified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2015 amounted to \$5,065, which included \$2,233 assigned from other School District funds.

F. Capital Assets

General capital assets are those assets not specifically related to activities reported in the proprietary funds. These assets generally result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net position but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated capital assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of \$2,000. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

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

<u>Description</u>	<u>Governmental Activities Estimated Lives</u>
Buildings and Improvements	10 - 40 Years
Furniture and Equipment	5 - 20 Years
Vehicles	8 - 20 Years

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G. Compensated Absences

The School District reports compensated absences in accordance with the provisions of GASB No. 16, *Accounting for Compensated Absences*. Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. These amounts are recorded as "Vacation Leave Payable" on the basic financial statements.

Sick leave benefits are accrued as a liability using the termination percentage method. An accrual for earned sick leave is made to the extent that it is probable that benefits will result in termination payments. The liability is an estimate based on the likelihood an employee will be paid a severance based on their length of service in their respective retirement plan.

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

On the governmental fund statements, compensated absences are recognized as a liability and expenditure to the extent payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "Matured Compensated Absences Payable" in the funds from which the employee will be paid.

H. Accrued Liabilities and Long-term Obligations

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements. In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, claims and judgments and compensated absences that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. Bonds and capital leases are recognized as a liability on the fund financial statements when due.

I. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, 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.

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J. Net Position

Net position represents the difference between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Deferred outflows of resources and deferred inflows of resources that are attributable to the acquisition, construction or improvement of those assets or related debt also should be included in this component of net position. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

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

K. Fund Balance

In accordance with Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the School District classifies its fund balance based on the purpose for which the resources were received and the level of constraint placed on the resources. 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.

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 policies of the School District Board of Education. The Board of Education has, by resolution, authorized the Treasurer to assign fund balance. The Board of Education may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget.

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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.

L. Interfund Activity

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

On fund financial statements, receivables and payables resulting from short-term interfund loans and interfund services provided and used are classified as "Interfund Receivable/Payable." Interfund balances are eliminated in the governmental activities column of the statement of net position.

M. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in the nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2015.

N. Estimates

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

O. Budgetary Data

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

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The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2015.

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

Encumbrances As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance.

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

NOTE 3 – 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 for the major governmental funds and all other governmental funds are presented as follows:

	General Fund	Debt Service Fund	Permanent Improvement Fund	Other Governmental Funds	Total
Restricted for:					
Debt Service	\$ 0	\$ 1,048,502	\$ 0	\$ 0	\$ 1,048,502
Capital Outlay	0	0	2,817,942	0	2,817,942
Extracurricular	0	0	0	2,355	2,355
Food Service	0	0	0	56,853	56,853
Other Purposes	0	0	0	275,978	275,978
Total Restricted	0	1,048,502	2,817,942	335,186	4,201,630
Assigned for:					
Encumbrances:					
Instruction	119,366	0	0	0	119,366
Support Services	186,807	0	0	0	186,807
Total Assigned	306,173	0	0	0	306,173
Unassigned (Deficit)	4,057,151	0	0	(38,440)	4,018,711
Total Fund Balance (Deficit)	\$ 4,363,324	\$ 1,048,502	\$ 2,817,942	\$ 296,746	\$ 8,526,514

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Fund balances at June 30, 2015 included the following individual fund deficits:

	Fund Balance
General Fund	
Nonmajor Governmental Funds:	
Miscellaneous State Grants	1,534
Title I	36,906

The deficits in these funds resulted from adjustments for accrued liabilities. The general fund is liable for any deficit in the non-major governmental funds and will provide transfers when cash is required, not when accruals occur.

NOTE 4 – CHANGE IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF NET POSITION

For the fiscal year ended June 30, 2015, the School District has implemented Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*, GASB Statement No. 69, *Government Combinations and Disposals of Government Operations* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date - An Amendment of GASB Statement No. 68*.

GASB Statement No. 68 requires recognition of the entire net pension liability and a more comprehensive measure of pension expense for defined benefit pensions and defined contribution pensions provided to the employees of state and local governmental employers through pension plans that are administered through trusts or equivalent arrangements. The implementation of GASB Statement No. 68 resulted in the inclusion of net pension liability and pension expense components on the full-accrual financial statements. See below for the effect on net position as previously reported.

GASB Statement No. 69 addresses accounting and financial reporting for government combinations (including mergers, acquisitions and transfers of operations) and disposals of government operations. The implementation of GASB Statement No. 69 did not have an effect on the financial statements of the School District.

GASB Statement No. 71 amends paragraph 137 of GASB Statement No. 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. The provisions of this Statement are required to be applied simultaneously with the provisions of Statement 68. See below for the effect on net position as previously reported.

Net Position June 30, 2014	\$	9,697,832
Adjustments:		
Net Pension Liability		(57,058,052)
Deferred Outflow - Payments Subsequent to Measurement Date		3,273,700
Restated Net Position, July 1, 2014	\$	(44,086,520)

Other than employer contributions subsequent to the measurement date, the School District made no restatement for deferred inflows/outflows of resources as the information needed to generate these restatements was not available.

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NOTE 5 – BUDGETARY BASIS OF ACCOUNTING

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

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
2. Expenditures are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Encumbrances are treated as expenditures (budget) rather than as an assignment or commitment of fund balance (GAAP).
4. Some funds are included in the general fund (GAAP), but have separate legally adopted budgets (budget).

The following table summarizes the adjustments necessary to reconcile the GAAP basis statement to the budgetary basis statement on a fund type basis for the general fund.

Net Change in Fund Balance	
GAAP Basis	\$ 4,538,749
Net Adjustment for Revenue Accruals	(2,794,266)
Net Adjustment for Expenditure Accruals	(104,967)
Funds Budgeted Elsewhere **	(34,650)
Adjustment for Encumbrances	<u>(431,116)</u>
Budget Basis	<u>\$ 1,173,750</u>

** As part of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on a GAAP basis. This includes public school support and school resource officer funds.

NOTE 6 – DEPOSITS AND INVESTMENTS

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

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

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

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

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

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

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

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

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

Cash on Hand - At year end, the School District had \$100 in undeposited cash on hand which is included on the balance sheet of the School District as part of equity in pooled cash and cash equivalents.

Deposits - At fiscal year end, the carrying amount of the School District's deposits was \$(342,779). Based on criteria described in GASB 40, *Deposits and Investments Risk Disclosure*, as of June 30, 2015, 100 percent of the bank balance of \$11,435 was covered by FDIC.

Investments – Investments are reported at fair value, based on stated market rates at June 30, 2015. As of June 30, 2015, the School District had the following investment:

Standard & Poor's Rating		Fair Value	Investment	%
			Maturity 6 Months or Less	Total Investments
N/A	Repurchase Agreement	\$ 8,840,000	\$ 8,840,000	100.00%

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

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

Credit Risk – The School District's investment credit ratings are summarized above. The School District's investments in the federal agency securities that underlie the School District's repurchase agreement were rated Aaa by Moody's Investor Services.

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Concentration of Credit Risk –The School District places no limit on the amount the School District may invest in any one issuer. See percentage of various investments above.

NOTE 7 – PROPERTY TAXES

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

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenue received in calendar year 2015 represents collections of calendar year 2014 taxes. Real property taxes received in calendar year 2015 were levied after April 1, 2014, on the assessed value listed as of January 1, 2014, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. 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.

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

The School District receives property taxes from Summit County. The County Fiscal Officer periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2015, are available to finance fiscal year 2015 operations. The amount available as an advance at June 30, 2015 in the general, debt service and permanent improvement funds were \$4,606,274, \$310,360, and \$631,241, respectively. The amount available for advance at June 30, 2014, in the general, debt service and permanent improvement funds were \$3,021,508, \$201,965, and \$407,324, respectively. The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2015 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources.

On the accrual basis of accounting, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis of accounting the revenue has been reported as a deferred inflow of resources.

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The assessed values upon which the fiscal year 2015 taxes were collected are:

	2014 Second Half Collections		2015 First Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$ 650,888,060	97.32%	\$ 669,993,300	97.19%
Public Utility Personal Property	17,904,900	2.68%	19,374,200	2.81%
	<u>\$ 668,792,960</u>	<u>100.00%</u>	<u>\$ 689,367,500</u>	<u>100.00%</u>
Tax rate per \$1,000 assessed valuation	<u>\$ 46.22</u>		<u>\$ 45.80</u>	

NOTE 8 - RECEIVABLES

Receivables at June 30, 2015, consisted of taxes, interfund, and intergovernmental. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds.

NOTE 9 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2015, was as follows:

	Balance 6/30/2014	Additions	Reductions	Balance 6/30/2015
Governmental Activities				
<i>Capital Assets, not Being Depreciated:</i>				
Land	\$ 1,031,143	\$ 0	\$ 0	\$ 1,031,143
Construction in Progress	437,669	242,352	(437,669)	242,352
Total Capital Assets, not being depreciated	<u>1,468,812</u>	<u>242,352</u>	<u>(437,669)</u>	<u>1,273,495</u>
<i>Capital Assets, Being Depreciated:</i>				
Buildings and Improvements	57,633,955	1,730,171	0	59,364,126
Furniture and equipment	4,863,151	82,732	0	4,945,883
Vehicles	3,338,855	36,038	0	3,374,893
Total Capital Assets, Being Depreciated	<u>65,835,961</u>	<u>1,848,941</u>	<u>0</u>	<u>67,684,902</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(23,931,294)	(1,493,660)	0	(25,424,954)
Furniture and Equipment	(3,990,638)	(140,750)	0	(4,131,388)
Vehicles	(2,315,223)	(125,943)	0	(2,441,166)
Total Accumulated Depreciation	<u>(30,237,155)</u>	<u>(1,760,353)</u>	<u>0</u>	<u>(31,997,508)</u>
Total Capital Assets Being Depreciated, Net	<u>35,598,806</u>	<u>88,588</u>	<u>0</u>	<u>35,687,394</u>
<i>Governmental Activities Capital Assets, Net</i>	<u>\$ 37,067,618</u>	<u>\$ 330,940</u>	<u>\$ (437,669)</u>	<u>\$ 36,960,889</u>

Depreciation expense was charged to governmental functions as follows:

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Governmental Activities:

Regular Instruction	\$	1,125,361
Administration		50,697
Operation and Maintenance		231,822
Pupil Transportation		112,204
Central		1,443
Food Services		15,656
Extracurricular Activities		<u>223,170</u>
 Total Depreciation	 \$	 <u>1,760,353</u>

NOTE 10 – RISK MANAGEMENT

A. Liability Insurance

The School District is exposed to various risks of loss related to torts; theft of, damage to or destruction of assets; errors and omissions; employee injuries; and, natural disasters. During fiscal year 2015, the School District contracted with Netherlands Insurance for property and inland marine, liability insurance, and fleet insurance. Insurance settlements have not exceeded insurance coverage in each of the past three years, nor has there been a significant reduction in coverage from the prior year.

Coverage provided by Netherlands is as follows:

Building and Contents - Replacement Cost (\$5,000 deductible)	\$	114,616,715
Inland Marine Coverage (\$500 deductible)		2,055,488
Boiler and Machinery (\$1,000 deductible)		1,100,000
Crime Insurance		50,000
Automobile Liability		1,000,000
Uninsured Motorist - per accident		50,000
General Liability:		
Per Occurance		1,000,000
Total Per Year		2,000,000
Commercial Liability		2,000,000

B. Fidelity Bonds

The Board President and Superintendent have position bonds, \$20,000 and \$25,000, respectively. The Treasurer is covered under a surety bond in the amount of \$25,000. All other School District employees who are responsible for handling funds are covered by various other bonds ranging from \$5,000 to \$10,000.

C. Workers' Compensation

The School District pays the State Workers' Compensation System, an insurance purchasing pool, a premium based on a rate per \$100 of salaries. The School District is a member of the Ohio Association of School Business Official's Group Rating Program, an insurance purchasing pool. This rate is calculated based on accident history and administrative costs.

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D. Employee Health Insurance

The School District is a member of the Stark County Schools Council of Governments (the Council), through which a cooperative Health Benefit Program was created for the benefit of its members. The Health Benefit Program (the “Program”) is an employee health benefit plan which covers the participating members’ employees. The Council acts as a fiscal agent for the cash funds paid into the program by the participating school districts. These funds are pooled together for the purpose of paying health benefit claims for employees and their covered dependents, administrative expenses of the program, and premiums for stop-loss insurance coverage. The School District accounts for the premiums paid as expenditures in the general or applicable fund.

NOTE 11 – OTHER EMPLOYEE BENEFITS

Compensated Absences

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

Employees earn vacation at rates specified by Union Contractual Agreement based on credit service. Administrative and 260 day employees are entitled to vacation ranging from 10 to 25 days.

All employees are entitled to a sick leave credit equal to one and one quarter days for each month of service. This sick leave will either be absorbed by time off due to illness or injury or, within certain limitations, be paid to the employee upon retirement. The amount paid to an employee upon retirement is limited to 33 1/3 percent of the value of the first 132 days of sick leave. The total maximum is 44 days. Administrators have their own calculation. They can be eligible to receive payment for more than 44 days. They are eligible to receive payment for 33 1/3 percent of their remaining sick leave up to a maximum number of days calculated by multiplying the number of days in their annual contract by 23.91 percent.

NOTE 12 – DEFINED BENEFIT PENSION PLANS

Net Pension Liability

The net pension liability reported on the statement of net position represents a liability to employees for pensions. 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 obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

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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 these estimates 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.

The proportionate share of each plan’s unfunded benefits is presented as a long-term *net pension liability* on the accrual basis of accounting. Any liability for the contractually-required pension contribution outstanding at the end of the year is included in *intergovernmental payable* on both the accrual and modified accrual bases of accounting.

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.

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.

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Annual retirement benefits are calculated based on final average salary multiplied by a percentage that varies based on years 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 \$794,038 for fiscal year 2015. Of this amount \$134,150 is reported as an intergovernmental payable.

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 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 years 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.

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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 service. 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 School 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 \$2,439,814 for fiscal year 2015. Of this amount \$411,470 is reported as an intergovernmental payable.

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

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 contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	STRS	SERS	Total
Proportionate Share of the Net Pension Liability	\$ 39,230,395	\$ 8,788,884	\$ 48,019,279
Proportion of the Net Pension Liability	0.16128624%	0.17366100%	
Pension Expense	\$ 1,830,755	\$ 635,924	\$ 2,466,679

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At June 30, 2015, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	STRS	SERS	Total
Deferred Outflows of Resources			
Differences between expected and actual experience	\$ 377,678	\$ 74,803	\$ 452,481
School District contributions subsequent to the measurement date	2,439,814	794,038	3,233,852
Total Deferred Outflows of Resources	\$ 2,817,492	\$ 868,841	\$ 3,686,333
Deferred Inflows of Resources			
Net difference between projected and actual earnings on pension plan investments	\$ 7,257,772	\$ 1,426,461	\$ 8,684,233

\$3,233,852 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	STRS	SERS	Total
Fiscal Year Ending June 30:			
2016	\$ (1,720,024)	\$ (337,915)	\$ (2,057,939)
2017	(1,720,024)	(337,915)	(2,057,939)
2018	(1,720,024)	(337,915)	(2,057,939)
2019	(1,720,022)	(337,913)	(2,057,935)
	\$ (6,880,094)	\$ (1,351,658)	\$ (8,231,752)

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.

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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:

Wage Inflation	3.25 percent
Future Salary Increases, including inflation	4.00 percent to 22 percent
COLA or Ad Hoc COLA	3 percent
Investment Rate of Return	7.75 percent net of investments expense, including inflation
Actuarial Cost Method	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.

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 average 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:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
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	 <u>100.00 %</u>	

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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	\$ 12,539,126	\$ 8,788,884	\$ 5,634,607

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, 2013, 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:

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Asset Class	Target Allocation	Long Term Expected 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.

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	\$ 56,162,588	\$ 39,230,395	\$ 24,911,458

NOTE 13 – POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

Health Care Plan Description - The School District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 45 purposes, this plan is considered a cost-sharing, multiple-employer, defined benefit other postemployment benefit (OPEB) plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans as well as a prescription drug program. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at www.ohsers.org under Employers/Audit Resources.

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Access to health care for retirees and beneficiaries is permitted in accordance with Section 3309 of the Ohio Revised Code. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). SERS' Retirement Board reserves the right to change or discontinue any health plan or program. Health care is financed through a combination of employer contributions and retiree premiums, copays and deductibles on covered health care expenses, investment returns, and any funds received as a result of SERS' participation in Medicare programs. Active employee members do not contribute to the Health Care Plan. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required basic benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. For fiscal year 2015, 0.82 percent of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined minimum compensation amount, prorated according to service credit earned. For fiscal year 2015, this amount was \$20,450. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge.

The School District's contributions for health care (including surcharge) for the fiscal years ended June 30, 2015, 2014, and 2013 were \$138,604, \$99,489 and \$86,725, respectively. For fiscal year 2015, 84 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2014 and 2013.

B. State Teachers Retirement System

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

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. All benefit recipients, for the most recent year, pay 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's contributions for health care for the fiscal years ended June 30, 2015, 2014, and 2013 were \$0, \$175,090, and \$166,131, respectively. The full amount has been contributed for fiscal years 2015, 2014 and 2013.

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NOTE 14- LONG TERM OBLIGATIONS

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

	Restated Outstanding 6/30/2014	Additions	Reductions	Outstanding 6/30/2015	Amounts Due in One Year
<i>Long Term Obligations:</i>					
<i>General Obligation Bonds:</i>					
2009 Bond Refunding					
2.0% - 5.0% - 6/09 - 12/19	\$ 8,455,000	\$ 0	\$ 1,290,000	\$ 7,165,000	\$ 1,330,000
Premium on Debt Issuance	204,172	0	34,029	170,143	0
Energy Conservation Improvement Bonds, Series 2014					
3.75% - 6/14 - 12/29	1,718,541	0	0	1,718,541	86,969
<i>Total General Obligation Bonds</i>	<u>10,377,713</u>	<u>0</u>	<u>1,324,029</u>	<u>9,053,684</u>	<u>1,416,969</u>
<i>Other Long Term Obligations:</i>					
Learning Center Obligation					
Learning Center - 2005					
2% to 5%, 6/05 - 12/32	7,001,984	0	291,082	6,710,902	296,407
<i>Total Long Term Obligations</i>	<u>17,379,697</u>	<u>0</u>	<u>1,615,111</u>	<u>15,764,586</u>	<u>1,713,376</u>
<i>Net Pension Liability:</i>					
STRS	46,730,990	0	7,500,595	39,230,395	0
SERS	10,327,062	0	1,538,178	8,788,884	0
<i>Total Net Pension Liability</i>	<u>57,058,052</u>	<u>0</u>	<u>9,038,773</u>	<u>48,019,279</u>	<u>0</u>
<i>Other Long-Term Obligations:</i>					
Unearned Revenue	12,268,329	0	424,221	11,844,108	439,703
Severance	0	75,000	0	75,000	75,000
Compensated Absences	1,796,292	383,076	143,046	2,036,322	139,791
Claim Settlement Payable	489,278	0	213,421	275,857	220,421
Capital Lease	483,285	0	115,173	368,112	118,859
<i>Total Other Long-Term Obligations</i>	<u>15,037,184</u>	<u>458,076</u>	<u>895,861</u>	<u>14,599,399</u>	<u>993,774</u>
<i>Total Governmental Activities</i>					
<i>Long-Term Liabilities</i>	<u>\$ 89,474,933</u>	<u>\$ 458,076</u>	<u>\$11,549,745</u>	<u>\$ 78,383,264</u>	<u>\$ 2,707,150</u>

General obligation bonds will be paid from the debt service fund, the Energy Conservation bond will be paid from the building fund and the Learning Center debt will be paid from the permanent improvement fund. Compensated absences will be paid from the fund from which the employee is paid. In prior years this has primarily been the general fund. Capital lease obligations will be paid from the permanent improvement fund. The School District pays obligations related to employee compensation from the fund benefitting from their service.

On September 20, 2004, the School District entered into a Cooperative Agreement for a Community Learning Center with the City of Green (City). The City has issued bonds in anticipation of the tax revenue to pay the construction costs of two facilities, approximately \$25,000,000 in fiscal year 2005. The School District is responsible for constructing, maintaining, and insuring the facilities. While the School District will hold legal title to the facilities, the City will have an undivided ownership interest during the term of the agreement, 28 years. The City will also retain the right to use the facilities, in accordance with procedures established by the City, during the agreement term of 28 years. The City is responsible for the first \$1,000,000 in annual debt service, and the School District agrees to pay the remaining annual debt service. The City of Green refinanced this debt in fiscal year 2013 which reduced the interest rate and the amount due by the School District by \$255,144. The School District's portion of the total debt is now \$9,039,254.

Green Local School District
Summit County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

The School District has capitalized the total cost of the construction of the Learning Center. As a result of the City's contribution to the School District of \$15,482,500, along with the undivided interest terms stated above, the earnings process for the School District has not been completed. This process will occur over a 28 year period, which is the period of the agreement between to City and the School District. The unearned portion of the contribution has been recognized as a long-term obligation.

On June 24, 2009, the School District issued \$13,365,000 in refunded general obligation bonds which mature in December 2019. The proceeds were used to refund \$13,375,000 of the School District's outstanding facilities improvement bonds.

These refunding bonds were issued with a premium of \$374,317 which is reported as an increase to bonds payable. The amounts are being amortized to interest expense over the life of the bonds using the straight-line method. The amortization recorded for June 30, 2015 was \$34,029. The issuance resulted in a difference between the cash flows required to service the old debt and the cash flows required to service the new debt of \$108,937. The amount of defeased debt at June 30, 2015, is \$7,420,000.

In fiscal year 2014, the School District issued \$1,718,541 in general obligation bonds for the purpose of energy conservation improvements to School District buildings. The bonds will mature on December 1, 2029 and bear an interest rate of 3.75 percent.

The claims settlement payable is related to a court settlement agreement entered into by the School District in August 2013. The agreement will require payments made during fiscal year 2016 in the amount of \$220,421. These will be made from the general fund.

Principal and interest requirements to retire the Learning Center Obligation and the general obligation bonds outstanding at June 30, 2015 are as follows:

Fiscal Year Ending June 30,	General Obligation Bonds		Learning Center Obligation		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2016	\$ 1,416,969	\$ 341,303	\$ 296,407	\$ 236,618	1,713,376	577,921
2017	1,465,293	292,304	303,613	227,762	1,768,906	520,066
2018	1,518,744	236,290	312,451	219,324	1,831,195	455,614
2019	1,577,326	167,207	321,587	213,550	1,898,913	380,757
2020	1,656,046	87,613	328,707	206,843	1,984,753	294,456
2021 - 2025	566,192	182,728	1,754,592	911,709	2,320,784	1,094,437
2026 - 2030	682,971	65,949	2,144,545	524,330	2,827,516	590,279
2031 - 2033	0	0	1,249,000	80,575	1,249,000	80,575
Total	\$ 8,883,541	\$ 1,373,394	\$ 6,710,902	\$ 2,620,711	\$15,594,443	\$ 3,994,105

NOTE 15 – NOTES PAYABLE

On June 21, 2012, the School District issued \$4,000,000 in tax anticipation notes which matured in December 2014. The proceeds were used for operations. Principal payments were made from the debt service fund.

Green Local School District
Summit County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

	Outstanding 6/30/2014	Additions	Reductions	Outstanding 6/30/2015
Tax Anticipation Notes Series 2011 1% to 3%, 6/12 - 12/14	\$ 1,333,334	\$ 0	\$ 1,333,334	\$ 0

NOTE 16 – CAPITAL LEASES

Capital lease obligations relate to equipment which is leased under a long-term agreement. The lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standard No. 13 *Accounting for Leases*. Capital lease payments in the governmental funds have been reclassified and are reflected as debt service in the basic financial statements for the general fund. The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2015.

Year	Amount
2016	\$ 130,639
2017	130,639
2018	130,639
Total Minimum Lease Payments	391,917
Less Amount Representing Interest	23,805
Present Value of Minimum Lease Payments	\$ 368,112

The assets being acquired have been capitalized in the governmental activities in the amount of \$594,887, which is the present value of the minimum lease payments at the inception of each lease.

NOTE 17 – INTERFUND TRANSACTIONS

Interfund Balances

At June 30, 2015, the School District had the following interfund balances:

	Interfund Receivable	Interfund Payable
General Fund	\$ 27,157	\$ 0
Nonmajor Governmental Funds	0	27,157
Total	\$ 27,157	\$ 27,157

The primary purpose of the interfund balances is to cover costs in specific funds where revenues were not received by June 30, 2015. The outstanding advance is expected to be repaid once the anticipated revenues are received.

Green Local School District
Summit County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 18– JOINTLY GOVERNED ORGANIZATIONS

A. Northeast Ohio Network (NEOnet)

NEOnet is a jointly governed organization created as a regional council of governments made up of public districts and county boards of education from Summit, Medina and Portage Counties. The primary function of NEOnet is to provide data processing services to its member districts with the major emphasis being placed on accounting, inventory control and payroll services. Other areas of service provided by NEOnet include student scheduling, registration, grade reporting, and test scoring. Each member district pays an annual fee for the services provided by NEOnet. NEOnet is governed by a board of directors comprised of each Superintendent within the Organization. The Summit County Educational Service Center serves as the fiscal agent of the organization and receives funding from the State Department of Education.

Each district has one vote in all matters and each member district’s control over budgeting and financing of NEOnet is limited to its voting authority and any representation it may have on the board of directors.

The continued existence of NEOnet is not dependent on the School District’s continued participation and no equity interest exists. The School District made contributions in the amount of \$171,583 for fiscal year 2015.

B. Interval Opportunity School

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

NOTE 19– PUBLIC ENTITY RISK POOL

Stark County Schools Council of Governments

The School District joined the Stark County Schools Council of Governments Health Benefits Program (Council), which is a shared risk pool. The Council is governed by an assembly which consists of one representative from each participant (usually the superintendent or designee). The assembly elects officers for two-year terms to serve as the Board of Directors. The assembly exercises control over the operation of the consortium. All consortium revenues are generated from charges for services received from the participating school districts, based on the established premiums for the insurance plans. Financial information can be obtained by writing to the Stark County Educational Service Center, 2100 38th Street NW, Canton, OH 44709.

Green Local School District
Summit County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 20 – CONTINGENCIES AND SIGNIFICANT COMMITMENTS

A. Grants

The School District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2015, if applicable, cannot be determined at this time.

B. Litigation

The School District is not party to any claims or lawsuits that would, in the School District’s opinion, have a material effect of the basic financial statements.

C. School District Funding

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 districts, 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 30, 2015 Foundation funding for the School District; therefore, the financial statement impact is not determinable at this time. ODE and management believe this will result in either a receivable to or liability of the School District.

D. Contractual Commitments

As of June 30, 2015, the School District had contractual commitments for the HB264 energy conservation project throughout the School District.

	Contractual Commitment	Expended	Balance 6/30/2015
Stadium Track	\$ 210,979	\$ 71,169	\$ 139,810
STEM Classroom	287,900	131,204	156,696
	\$ 498,879	\$ 202,373	\$ 296,506

E. Encumbrances

Outstanding encumbrances for governmental funds include \$306,173 in the general fund, \$1,114,437 in the permanent improvement fund and \$101,646 in the non-major governmental funds.

Green Local School District
Summit County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2015

NOTE 21 – STATUTORY RESERVES

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

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

	Capital Improvement Reserve
Set Aside Restricted Balance June 30, 2014	\$ 0
Current Year Set-Aside Requirement	704,712
Current Year Qualifying Expenditures	(3,069,493)
Total	\$ (2,364,781)
Balance Carried Forward to Fiscal Year 2016	\$ 0
Set Aside Balance June 30, 2015	\$ 0

Although the School District had current year expenditures during the fiscal year that reduced the set-aside amount to below zero, this amount may not be used to reduce the set aside requirement for future years. The negative balance is, therefore, not presented as being carried forward to future years.

NOTE 22 – SUBSEQUENT EVENT

On July 1, 2015, the School District contracted with Stark County ESC to provide personnel and other services.

Green Local School District
Summit County, Ohio
Required Supplementary Information
Schedule of the School District's Proportionate Share of the Net Pension Liability
Last Two Fiscal Years (1)

	<u>2014</u>	<u>2013</u>
<i>State Teachers Retirement System (STRS)</i>		
School District's proportion of the net pension liability (asset)	0.16128624%	0.16128624%
School District's proportionate share of the net pension liability (asset)	\$ 39,230,395	\$ 46,730,990
School District's covered-employee payroll	\$ 18,855,815	\$ 16,613,108
School District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	208.05%	281.29%
Plan fiduciary net position as a percentage of the total pension liability	74.70%	69.30%
<i>School Employees Retirement System (SERS)</i>		
School District's proportion of the net pension liability (asset)	0.17366100%	0.17366100%
School District's proportionate share of the net pension liability (asset)	\$ 8,788,884	\$ 10,327,062
School District's covered-employee payroll	\$ 5,933,939	\$ 5,918,223
School District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	148.11%	174.50%
Plan fiduciary net position as a percentage of the total pension liability	71.70%	65.52%

(1) Information prior to 2013 is not available.

Note: The amounts presented for each fiscal year were determined as of the measurement date.

Green Local School District
Summit County, Ohio
Required Supplementary Information
Schedule of School District Contributions
Last Ten Fiscal Years

	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
<i>State Teachers Retirement System (STRS)</i>				
Contractually Required Contribution	\$ 2,439,814	\$ 2,451,256	\$ 2,159,704	\$ 2,044,985
Contributions in Relation to the Contractually Required Contribution	<u>(2,439,814)</u>	<u>(2,451,256)</u>	<u>(2,159,704)</u>	<u>(2,044,985)</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
School District's covered-employee payroll	\$ 17,427,243	\$ 18,855,815	\$ 16,613,108	\$ 15,730,654
Contributions as a percentage of covered-employee payroll	14.00%	13.00%	13.00%	13.00%
 <i>School Employees Retirement System (SERS)</i>				
Contractually required contribution	\$ 794,038	\$ 822,444	\$ 819,082	\$ 806,378
Contributions in relation to the contractually required contribution	<u>(794,038)</u>	<u>(822,444)</u>	<u>(819,082)</u>	<u>(806,378)</u>
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
School District's covered-employee payroll	\$ 6,024,568	\$ 5,933,939	\$ 5,918,223	\$ 5,995,375
Contributions as a percentage of covered-employee payroll	13.18%	13.86%	13.84%	13.45%

n/a - Information prior to 2008 is not available.

<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>
\$ 2,119,683	\$ 2,258,262	\$ 2,389,006	\$ 2,107,969	\$ 2,024,491	\$ 1,920,770
<u>(2,119,683)</u>	<u>(2,258,262)</u>	<u>(2,389,006)</u>	<u>(2,107,969)</u>	<u>(2,024,491)</u>	<u>(1,920,770)</u>
<u>\$ 0</u>					
\$ 16,305,254	\$ 17,371,246	\$ 18,376,969	\$ 16,215,146	\$ 15,573,008	\$ 14,775,154
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%
\$ 847,829	\$ 805,960	\$ 626,703	\$ 584,187	n/a	n/a
<u>(847,829)</u>	<u>(805,960)</u>	<u>(626,703)</u>	<u>(584,187)</u>	n/a	n/a
<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	n/a	n/a
\$ 6,744,861	\$ 5,952,437	\$ 6,368,933	\$ 5,948,951	n/a	n/a
12.57%	13.54%	9.84%	9.82%	n/a	n/a

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**GREEN LOCAL SCHOOL DISTRICT
SUMMIT COUNTY**

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

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Grant Year	Federal CFDA Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
<u>U.S. DEPARTMENT OF AGRICULTURE</u>						
<i>Passed Through the Ohio Department of Education:</i>						
Child Nutrition Cluster:						
National School Lunch Program	2015	10.555	\$404,020	\$79,949	\$404,020	\$79,949
School Breakfast Program	2015	10.553	65,815	-	65,815	-
Total U.S. Department of Agriculture			<u>469,835</u>	<u>79,949</u>	<u>469,835</u>	<u>79,949</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>						
<i>Passed Through the Ohio Department of Education:</i>						
Special Education Cluster:						
Special Education - Grants to States	2014	84.027	-	-	63	-
Special Education - Grants to States	2015	84.027	740,680	-	711,704	-
Special Education - Preschool Grants (IDEA Preschool)	2015	84.173	10,443	-	10,443	-
Total Special Education Cluster			<u>751,123</u>	<u>-</u>	<u>722,210</u>	<u>-</u>
Title I Cluster:						
Title I Grants to Local Educational Agencies	2014	84.010	100,747	-	111,075	-
Title I Grants to Local Educational Agencies	2015	84.010	342,462	-	369,138	-
Total Title I Cluster			<u>443,209</u>	<u>-</u>	<u>480,213</u>	<u>-</u>
Improving Teacher Quality State Grants	2015	84.367	78,017	-	78,357	-
			<u>78,017</u>	<u>-</u>	<u>78,357</u>	<u>-</u>
Total U.S. Department of Education			<u>1,272,349</u>	<u>-</u>	<u>1,280,780</u>	<u>-</u>
Totals			<u><u>\$1,742,184</u></u>	<u><u>\$79,949</u></u>	<u><u>\$1,750,615</u></u>	<u><u>\$79,949</u></u>

The accompanying notes to this schedule are an integral part of this schedule.

**GREEN LOCAL SCHOOL DISTRICT
SUMMIT COUNTY**

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

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Receipts and Expenditures (the Schedule) reports the Green 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 - 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 C – FOOD DONATION PROGRAM

The District reports commodities consumed on the Schedule at the entitlement value. The District allocated donated food commodities to the respective 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

Green Local School District
Summit County
P.O. Box 218
1755 Town Park Boulevard
Green, Ohio 44232

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Green Local School District, Summit County, (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 March 4, 2016, wherein we noted the District adopted Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions – an amendment of GASB Statement No. 27* and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date*. We did not modify our opinion regarding this matter.

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 opinion 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 no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

Purpose of this Report

This report only describes the scope of our internal control and compliance testing and our testing results, and does not opine on the effectiveness of the 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.

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

Dave Yost
Auditor of State
Columbus, Ohio

March 4, 2016



Dave Yost • Auditor of State

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

Green Local School District
Summit County
1755 Town Park Boulevard
P.O. Box 218
Green, Ohio 44232

To the Board of Education:

Report on Compliance for Each Major Federal Program

We have audited the Green Local School District'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, the Green Local School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affects 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

March 4, 2016

**GREEN LOCAL SCHOOL DISTRICT
SUMMIT COUNTY**

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

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unmodified
<i>(d)(1)(ii)</i>	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weaknesses reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any significant deficiencies in internal control reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unmodified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510(a)?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Special Education Cluster CFDA's #84.027 and #84.173 Child Nutrition Cluster CFDA #10.555 & 10.553
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	No

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

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**GREEN LOCAL SCHOOL DISTRICT
SUMMIT COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
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	7 CFR §245.6a – The District did not properly enter verification responses into the Free or Reduced meal Application Tracking (FORMAT) system.	Yes	Corrected

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Dave Yost • Auditor of State

GREEN LOCAL SCHOOL DISTRICT

SUMMIT COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 17, 2016**