



Dave Yost • Auditor of State



**GREEN LOCAL SCHOOL DISTRICT  
WAYNE COUNTY**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Green Local School District  
Wayne County  
100 Smithie Drive  
P.O. Box 438  
Smithville, Ohio 44677

To the Board of Education:

### ***Report on the Financial Statements***

We have audited the accompanying cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Green Local School District, Wayne County, Ohio (the School District), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

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

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

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

**Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective cash financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Green Local School District, Wayne County, Ohio, as of June 30, 2016, and the respective changes in cash financial position and the respective budgetary comparison for the General Fund thereof for the year then ended in accordance with the accounting basis described in Note 2.

**Accounting Basis**

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

**Other Matters**

*Other Information*

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

**Other Reporting Required by Government Auditing Standards**

In accordance with *Government Auditing Standards*, we have also issued our report dated September 27, 2016, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the School District's internal control over financial reporting and compliance.



**Dave Yost**  
Auditor of State  
Columbus, Ohio

September 27, 2016

**Green Local School District**  
**Wayne County, Ohio**  
**(Unaudited)**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2016*

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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, 2016. 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 to enhance their understanding of the School District's financial performance.

***Financial Highlights***

Key financial highlights for fiscal year 2016 are as follows:

- In total, net position decreased \$599,233, as final disbursements were made associated with the Ohio Facilities Construction Commission ("OFCC") project that began in fiscal year 2012.
- Outstanding debt decreased from \$12,586,927 to \$12,550,324 through capital lease and principal payments made during the current fiscal year.

***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. 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 non-major funds presented in total in one column. For fiscal year 2016, the general fund, the bond retirement fund and the classroom facilities fund are the School District's most significant funds.

***Basis of Accounting***

The School District has elected to present its financial statements on the cash basis of accounting. This cash basis of accounting is a comprehensive basis of accounting other than generally accepted accounting principles. The cash basis of accounting involves the measurement of cash and cash equivalents and changes in cash and cash equivalents resulting from cash receipt and disbursement transactions.

Essentially, the only assets reported on this strictly cash receipt and disbursement basis presentation in a statement of net position will be cash and cash equivalents. The statement of activities reports cash receipts and disbursements, or in other words, the sources and uses of cash and cash equivalents. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the cash basis of accounting.

**Green Local School District**  
**Wayne County, Ohio**  
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*Management's Discussion and Analysis*  
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***Reporting the School District as a Whole***

*Statement of Net Position and the Statement of Activities*

While this document contains 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 2016?" The statement of net position and the statement of activities answer this question.

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 food service operations.

***Reporting the School District's Most Significant Funds***

*Fund Financial Statements*

The analysis of the School District's major funds begins on page 10. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds include the general fund, the bond retirement fund and the classroom facilities fund.

**Governmental Funds** - Most of the School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using the cash basis of accounting. 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 determine whether there are more or less financial resources that can be spent in the near future to finance educational programs.

***Reporting the School District's Fiduciary Responsibilities***

**Fiduciary funds** - Fiduciary funds are used to account for resources held for the benefit of parties outside the School District. These funds are not reflected in the government-wide financial statements because the resources are not available to support the School District's own programs.

**Green Local School District**  
**Wayne County, Ohio**  
**(Unaudited)**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2016*

**The School District as a Whole**

Table 1 provides a summary of the School District's net position for fiscal year 2016 compared to 2015.

**(Table 1)**  
**Net Position – Cash Basis**

	Governmental Activities	
	2016	2015
<b>Assets</b>		
Equity in Pooled Cash and Investments	\$ 5,649,334	\$ 6,845,424
Cash and Investments with Fiscal Agents	927,112	330,255
<i>Total Assets</i>	<b>\$ 6,576,446</b>	<b>\$ 7,175,679</b>
<b>Net Position</b>		
Restricted for:		
Capital Outlay	\$ 1,881,296	\$ 3,075,673
Debt Service	1,295,593	879,512
Other Purposes	738,786	500,222
Unrestricted	2,660,771	2,720,272
<i>Total Net Position</i>	<b>\$ 6,576,446</b>	<b>\$ 7,175,679</b>

Net position of the governmental activities decreased \$599,233, which represents an 8 percent decrease from fiscal year 2015. The decrease is primarily due to continued disbursements associated with the remaining construction costs made during fiscal year 2016 from the Ohio Facilities Construction Commission ("OFCC") project that began in fiscal year 2012.

A portion of the School District's net position, \$3,915,675, or 60 percent, represents resources subject to external restrictions on how they may be used. The remaining balance of the government-wide unrestricted net position of \$2,660,771 may be used to meet the School District's ongoing obligations.

**Green Local School District**  
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Table 2 shows the changes in net position for fiscal year 2016 as compared to fiscal year 2015.

**(Table 2)**  
**Changes in Net Position – Cash Basis**

	Governmental Activities	
	2016	2015
<b>Receipts</b>		
<b>Program Receipts</b>		
Charges for Services and Sales	\$ 1,201,582	\$ 1,257,325
Operating Grants, Contributions and Interest	1,160,507	1,428,198
Capital Grants, Contributions and Interest	8,271	22,096
<i>Total Program Receipts</i>	<u>2,370,360</u>	<u>2,707,619</u>
<b>General Receipts</b>		
Property Taxes	4,759,236	4,608,694
Grants and Entitlements not Restricted to Specific Programs	5,664,625	5,698,006
Proceeds from Sale of Assets	0	32,645
Proceeds of General Obligation Bonds	0	7,069,998
Premium on Debt Issuance	0	326,096
Investment Earnings	16,607	2,411
Miscellaneous	115,213	141,589
<i>Total General Receipts</i>	<u>10,555,681</u>	<u>17,879,439</u>
<i>Total Receipts</i>	<u>12,926,041</u>	<u>20,587,058</u>
<b>Program Disbursements</b>		
Instruction:		
Regular	5,841,000	5,769,096
Special	1,016,422	1,143,484
Vocational	142,246	135,034
Other	119,367	105,143
Support Services:		
Pupils	466,252	379,148
Instructional Staff	234,619	213,995
Board of Education	66,526	108,620
Administration	1,058,976	916,224
Fiscal	304,936	342,546
Operation and Maintenance of Plant	913,069	915,862
Pupil Transportation	808,836	711,587
Central	21,897	29,301
Operation of Non-Instructional Services:		
Food Service Operations	230,785	253,972
Extracurricular Activities	451,859	433,552
Capital Outlay	1,246,738	2,674,579
Debt Service:		
Payment to Refunded Bond Escrow Agent	0	7,124,019
Principal Retirement	57,320	127,993
Interest and Fiscal Charges	544,426	593,718
Issuance Costs	0	129,500
<i>Total Program Disbursements</i>	<u>13,525,274</u>	<u>22,107,373</u>
<i>Change in Net Position</i>	(599,233)	(1,520,315)
<i>Net Position Beginning of Year</i>	<u>7,175,679</u>	<u>8,695,994</u>
<i>Net Position End of Year</i>	<u>\$ 6,576,446</u>	<u>\$ 7,175,679</u>

**Green Local School District**  
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Total receipts decreased \$7,661,017 due to a new debt issuance and a debt refunding that occurred in the prior year. Operating grants decreased \$267,691, partially due to the timing of drawdowns of state and federal grants.

Total disbursements decreased \$8,582,099 or 39 percent from fiscal year 2015. The largest contributor to this decrease was the debt refunding mentioned above. Capital outlay disbursements decreased \$1,427,841 due to the substantial completion of the School District's OFCC construction project.

**Governmental Activities**

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.

**(Table 3)**  
**Governmental Activities – Cash Basis**

	Total Costs of Services		Net Costs of Services	
	2016	2015	2016	2015
<i><b>Program Disbursements</b></i>				
Instruction:				
Regular	\$ 5,841,000	\$ 5,769,096	\$ 4,739,670	\$ 4,602,642
Special	1,016,422	1,143,484	559,263	455,210
Vocational	142,246	135,034	118,580	111,422
Other	119,367	105,143	119,367	105,143
Support Services:				
Pupils	466,252	379,148	466,252	377,193
Instructional Staff	234,619	213,995	157,601	154,827
Board of Education	66,526	108,620	66,526	108,620
Administration	1,058,976	916,224	1,058,976	907,786
Fiscal	304,936	342,546	304,936	320,314
Operation and Maintenance of Plant	913,069	915,862	913,069	915,862
Pupil Transportation	808,836	711,587	787,912	688,193
Central	21,897	29,301	21,897	29,301
Operation of Non-Instructional Services:				
Food Service Operations	230,785	253,972	(40,916)	(15,476)
Extracurricular Activities	451,859	433,552	295,420	263,494
Capital Outlay	1,246,738	2,674,579	1,238,467	2,652,483
Debt Service:				
Payment to Refunded Bond Escrow Agent	0	7,124,019	0	7,124,019
Principal Retirement	57,320	127,993	57,320	127,993
Interest and Fiscal Charges	544,426	593,718	290,574	341,228
Issuance Costs	0	129,500	0	129,500
<i><b>Total</b></i>	<u>\$ 13,525,274</u>	<u>\$ 22,107,373</u>	<u>\$ 11,154,914</u>	<u>\$ 19,399,754</u>

The dependence upon tax receipts and general receipt entitlements from the state for governmental activities is apparent. Program receipts only account for 18 percent of all governmental disbursements. The community is the largest area of support for the School District students.

**Green Local School District**  
**Wayne County, Ohio**  
**(Unaudited)**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2016*

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***The School District's Funds***

The School District's governmental funds are accounted for using the cash basis of accounting.

The School District's governmental funds reported a combined fund balance of \$6,576,446, which is lower than the prior year balance of \$7,175,679.

The general fund had total cash receipts of \$10,799,170. The cash disbursements of the general fund totaled \$10,768,512. The general fund's fund balance increased \$30,658 in fiscal year 2016.

The bond retirement fund had total cash receipts of \$997,127. The cash disbursements of the bond retirement fund totaled \$581,046. The bond retirement fund's fund balance increased \$416,081 in fiscal year 2016 due to the timing of tax collections versus debt payments.

The classroom facilities fund had total cash receipts of \$18,495 and total cash disbursements of \$473,882, for a decrease in fund balance of \$455,387 in fiscal year 2016. The decrease in fund balance is primarily due to disbursements made associated with the OFCC project.

***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 2016, the School District amended its general fund budget. For the general fund, original budget basis receipts and other financing sources were \$10,785,480, which were \$230,548 higher than the final budget of \$10,554,932. Actual receipts and other financing sources of \$10,647,787 were \$92,855 higher than the final budget.

For fiscal year 2016, the general fund original budget basis disbursements and other financing uses were \$11,138,074, which were \$248,968 lower than the final budget of \$11,387,042. Actual disbursements and other financing uses of \$11,164,982 were \$222,060 lower than the final budget.

**Green Local School District**  
**Wayne County, Ohio**  
**(Unaudited)**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2016*

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***Debt Administration***

The School District had the following long-term obligations outstanding at June 30, 2016 and 2015.

**(Table 4)**  
**Outstanding Debt, at June 30**

	Governmental Activities	
	2016	2015
OFCC School Improvement Bonds, Series 2010 issue		
Qualified School Construction Bonds - 5.11%	\$ 5,560,000	\$ 5,560,000
2014 Classroom Facilities & School Improvement Bonds	6,990,324	6,994,607
Capital Leases	0	32,320
<i>Total</i>	<u>\$ 12,550,324</u>	<u>\$ 12,586,927</u>

For further information regarding the School District's debt, refer to Note 10 of the basic financial statements.

***Current Issues***

Through the implementation of a strategic planning initiative, Green Local Schools' administration, teaching and non-teaching staff, parents, students and community partners have established a mission statement and goals. The School District's mission reflects the partnership with families and community to prepare students for lifelong personal development.

The following goals will drive the decision making process in the School District:

- Green Local School District will annually examine current educational programming utilizing data analysis, review best practices and implement appropriate changes;
- Green Local School District will hire, maintain and retain high quality employees;
- The School District will establish communication among all stakeholders to achieve at least a 75 percent (revised annually) satisfaction rating;
- Green Local School District will achieve financial stability through the appropriate use of human and other resources while remaining educationally sound;

**Green Local School District**  
**Wayne County, Ohio**  
**(Unaudited)**  
*Management's Discussion and Analysis*  
*For the Fiscal Year Ended June 30, 2016*

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The School District is utilizing the above goals and related action plan steps to continue the process of being at the forefront of education in Wayne County. The School District recently updated its website which allows for better continuity of each building's presence on the web, posting of information for the community and gaining stakeholder feedback. Parents are encouraged to view their students' progress and grades through online access of ProgressBook. Workbook fees can now be paid by parents over the Internet using EZpay. Central office records are being stored electronically through the use of scanners and records imaging software. The Treasurer has established a Finance Team made up of community members. This team acts in an advisory capacity to the Board and administrators and meets monthly during the school year.

In the fall of 2009, the School District voters supported the renewal of an Emergency Levy in the amount of \$500,000 for seven years. A second emergency levy in the amount of \$850,000 was renewed at the November 2, 2010 election for a term of ten years. The voters of Green Local School District passed this renewal by a margin of 54.7 percent.

On May 4, 2010, the voters of the Green Local School District passed a 4.75 mill bond issue by a margin of 54 percent. This enables the School District to go forth with the Ohio Facilities Construction Project which will provide a new K – 12 school building for the School District. The construction of a K – 12 building has been completed. Students, staff and teachers started using the building at the beginning of the 2014-2015 school year.

***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 Mark Dickerhoof, Treasurer of Green Local School District, Post Office Box 438, Smithville, Ohio 44677.

**Green Local School District**  
**Wayne County, Ohio**  
*Statement of Net Position - Cash Basis*  
*June 30, 2016*

	Governmental Activities
<b>Assets</b>	
Equity in Pooled Cash and Investments	\$ 5,649,334
Cash and Investments with Fiscal Agents	927,112
<i>Total Assets</i>	<i>\$ 6,576,446</i>
<b>Net Position</b>	
Restricted for:	
Capital Outlay	\$ 1,881,296
Debt Service	1,295,593
Other Purposes	738,786
Unrestricted	2,660,771
<i>Total Net Position</i>	<i>\$ 6,576,446</i>

See accompanying notes to the basic financial statements.

**Green Local School District**  
**Wayne County, Ohio**  
*Statement of Activities - Cash Basis*  
*For the Fiscal Year Ended June 30, 2016*

	Program Cash Receipts				Net (Disbursements) Receipts and Changes in Net Position
	Cash Disbursements	Charges for Services and Sales	Operating Grants, Contributions and Interest	Capital Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>					
Instruction:					
Regular	\$ 5,841,000	\$ 940,124	\$ 161,206	\$ 0	\$ (4,739,670)
Special	1,016,422	1,985	455,174	0	(559,263)
Vocational	142,246	0	23,666	0	(118,580)
Other	119,367	0	0	0	(119,367)
Support Services:					
Pupils	466,252	0	0	0	(466,252)
Instructional Staff	234,619	0	77,018	0	(157,601)
Board of Education	66,526	0	0	0	(66,526)
Administration	1,058,976	0	0	0	(1,058,976)
Fiscal	304,936	0	0	0	(304,936)
Operation and Maintenance of Plant	913,069	0	0	0	(913,069)
Pupil Transportation	808,836	0	20,924	0	(787,912)
Central	21,897	0	0	0	(21,897)
Operation of Non-Instructional Services:					
Food Service Operations	230,785	120,935	150,766	0	40,916
Extracurricular Activities	451,859	138,538	17,901	0	(295,420)
Capital Outlay	1,246,738			8,271	(1,238,467)
Debt Service:					
Principal Retirement	57,320	0	0	0	(57,320)
Interest and Fiscal Charges	544,426	0	253,852	0	(290,574)
<b>Totals</b>	<b>\$ 13,525,274</b>	<b>\$ 1,201,582</b>	<b>\$ 1,160,507</b>	<b>\$ 8,271</b>	<b>(11,154,914)</b>

**General Receipts**

Property Taxes Levied for:	
General Purposes	3,919,553
Debt Service	642,386
Capital Outlay	197,297
Grants and Entitlements not Restricted to Specific Programs	5,664,625
Investment Earnings	16,607
Miscellaneous	115,213
<b>Total General Receipts</b>	<b>10,555,681</b>
<b>Change in Net Position</b>	<b>(599,233)</b>
<b>Net Position Beginning of Year</b>	<b>7,175,679</b>
<b>Net Position End of Year</b>	<b>\$ 6,576,446</b>

See accompanying notes to the basic financial statements.

**Green Local School District**  
**Wayne County, Ohio**  
*Statement of Assets and Fund Balances - Cash Basis*  
*Governmental Funds*  
*June 30, 2016*

	General Fund	Bond Retirement Fund	Classroom Facilities Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>					
Equity in Pooled Cash and Investments	\$ 2,757,698	\$ 368,481	\$ 1,858,171	\$ 664,984	\$ 5,649,334
Cash and Investments with Fiscal Agents	0	927,112	0	0	927,112
<i>Total Assets</i>	<u>\$ 2,757,698</u>	<u>\$ 1,295,593</u>	<u>\$ 1,858,171</u>	<u>\$ 664,984</u>	<u>\$ 6,576,446</u>
<b>Fund Balances</b>					
Nonspendable	\$ 2,005	\$ 0	\$ 0	\$ 0	\$ 2,005
Restricted	0	1,295,593	1,858,171	759,906	3,913,670
Committed	10,068	0	0	0	10,068
Assigned	1,384,490	0	0	0	1,384,490
Unassigned	1,361,135	0	0	(94,922)	1,266,213
<i>Total Fund Balances</i>	<u>\$ 2,757,698</u>	<u>\$ 1,295,593</u>	<u>\$ 1,858,171</u>	<u>\$ 664,984</u>	<u>\$ 6,576,446</u>

See accompanying notes to the basic financial statements.

**Green Local School District**  
**Wayne County, Ohio**  
*Statement of Receipts, Disbursements and Changes*  
*in Fund Balances - Cash Basis - Governmental Funds*  
*For the Fiscal Year Ended June 30, 2016*

	General Fund	Bond Retirement Fund	Classroom Facilities Fund	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>					
Property and Other Local Taxes	\$ 3,919,553	\$ 642,386	\$ 0	\$ 197,297	\$ 4,759,236
Intergovernmental	5,832,396	347,884	0	620,495	6,800,775
Investment Income	7,333	6,857	2,417	271	16,878
Tuition and Fees	811,583	0	0	0	811,583
Extracurricular Activities	71,549	0	0	138,538	210,087
Gifts and Donations	6,455	0	0	25,901	32,356
Charges for Services	48,877	0	0	120,934	169,811
Rent	10,101	0	0	0	10,101
Miscellaneous	91,323	0	16,078	7,813	115,214
<i>Total Receipts</i>	<u>10,799,170</u>	<u>997,127</u>	<u>18,495</u>	<u>1,111,249</u>	<u>12,926,041</u>
<b>Disbursements</b>					
Current:					
Instruction:					
Regular	5,770,560	0	0	70,440	5,841,000
Special	767,591	0	0	248,831	1,016,422
Vocational	142,246	0	0	0	142,246
Other	119,367	0	0	0	119,367
Support Services:					
Pupils	466,252	0	0	0	466,252
Instructional Staff	124,335	0	0	110,284	234,619
Board of Education	66,526	0	0	0	66,526
Administration	1,058,976	0	0	0	1,058,976
Fiscal	289,303	11,955	0	3,678	304,936
Operation and Maintenance of Plant	883,702	0	0	29,367	913,069
Pupil Transportation	730,206	0	0	78,630	808,836
Central	21,897	0	0	0	21,897
Extracurricular Activities	294,018	0	0	157,841	451,859
Operation of Non-Instructional Services:					
Food Service Operations	0	0	0	230,785	230,785
Capital Outlay	878	0	473,882	771,978	1,246,738
Debt Service:					
Principal Retirement	32,320	25,000	0	0	57,320
Interest and Fiscal Charges	335	544,091	0	0	544,426
<i>Total Disbursements</i>	<u>10,768,512</u>	<u>581,046</u>	<u>473,882</u>	<u>1,701,834</u>	<u>13,525,274</u>
<i>Net Change in Fund Balances</i>	30,658	416,081	(455,387)	(590,585)	(599,233)
<i>Fund Balances Beginning of Year</i>	<u>2,727,040</u>	<u>879,512</u>	<u>2,313,558</u>	<u>1,255,569</u>	<u>7,175,679</u>
<i>Fund Balances End of Year</i>	<u>\$ 2,757,698</u>	<u>\$ 1,295,593</u>	<u>\$ 1,858,171</u>	<u>\$ 664,984</u>	<u>\$ 6,576,446</u>

See accompanying notes to the basic financial statements.

**Green Local School District**  
**Wayne County, Ohio**  
*Statement of Receipts, Disbursements and Changes*  
*In Cash Basis Fund Balance - Budget and Actual (Budget Basis)*  
*General Fund*  
*For the Fiscal Year Ended June 30, 2016*

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Receipts and Other Financing Sources	\$ 10,785,480	\$ 10,554,932	\$ 10,647,787	\$ 92,855
Disbursements and Other Financing Uses	11,138,074	11,387,042	11,164,982	222,060
<i>Net Change in Fund Balance</i>	(352,594)	(832,110)	(517,195)	314,915
<i>Fund Balance Beginning of Year</i>	2,345,233	2,345,233	2,345,233	0
Prior Year Encumbrances Appropriated	337,042	337,042	337,042	0
<i>Fund Balance End of Year</i>	<u>\$ 2,329,681</u>	<u>\$ 1,850,165</u>	<u>\$ 2,165,080</u>	<u>\$ 314,915</u>

See accompanying notes to the basic financial statements.

**Green Local School District**  
**Wayne County, Ohio**  
*Statement of Fiduciary Net Position - Cash Basis*  
*Fiduciary Funds*  
*June 30, 2016*

	Private Purpose Trust	
	Scholarship	Agency
<b>Assets</b>		
Equity in Pooled Cash and Investments	\$ 40,667	\$ 81,694
<i>Total Assets</i>	\$ 40,667	\$ 81,694
 <b>Net Position</b>		
Held in Trust for Scholarships	\$ 40,667	\$ 0
Held for Student Activities	0	81,694
<i>Total Net Position</i>	\$ 40,667	\$ 81,694

See accompanying notes to the basic financial statements.

**Green Local School District**  
**Wayne County, Ohio**  
*Statement of Changes in Fiduciary Net Position - Cash Basis*  
*Private Purpose Trust Fund*  
*For the Fiscal Year Ended June 30, 2016*

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	<u>Scholarship</u>
<b>Additions</b>	
Gifts and Contributions	\$ 1,950
Interest	<u>854</u>
<i>Total Additions</i>	<u>2,804</u>
<b>Deductions</b>	
Payments in Accordance with Trust Agreements	<u>3,600</u>
<i>Change in Net Position</i>	(796)
<i>Net Position Beginning of Year</i>	<u>41,463</u>
<i>Net Position End of Year</i>	<u><u>\$ 40,667</u></u>

See accompanying notes to the basic financial statements.

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**Green Local School District**  
**Wayne County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2016*

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**Note 1 – Description of the School District**

The 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 is a local district as defined by Section 3311.03 of the Ohio Revised Code. The School District operates under a locally-elected five member board form of government and provides educational services as authorized and mandated by state and federal agencies.

***Reporting Entity***

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

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

The School District is associated with two organizations which are defined as jointly governed organizations. These organizations include the Tri-County Computer Services Association and the Portage County School Consortium. These organizations are presented in Note 12 of the basic financial statements.

Management believes the financial statements included in the report represent all of the funds of the School District over which the School District has the ability to exercise direct operating control.

**Note 2 – Summary of Significant Accounting Policies**

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

**Green Local School District**  
**Wayne County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2016*

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***A. Basis of Presentation***

Although required by Ohio Administrative Code Sections 117-2-03(B) to prepare its annual financial report in accordance with generally accepted accounting principles (GAAP), the School District chooses to prepare its financial statements and notes in accordance with the cash accounting basis. This basis of accounting is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when cash is received rather than when earned, and disbursements are recognized when cash is paid rather than when a liability is incurred.

These statements include adequate disclosure of material matters, in accordance with the basis of accounting described in the preceding paragraph.

***Government-wide Financial Statements*** The statement of net position and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The effect of interfund activity within governmental activities columns have been removed from this statement.

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 disbursements and program receipts for each program or function of the School District's governmental activities. Direct disbursements are those that are specifically associated with a service, program or department, and therefore, clearly identifiable to a particular function. Program receipts 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. Receipts which are not classified as program receipts are presented as general receipts of the School District, with certain limitations. The comparison of direct disbursements with program receipts identifies the extent to which governmental function is self-financing or draws from the general resources of the School District.

Equity is classified as net position and displayed in separate components:

1. Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws and regulations of other governments, or (2) law through constitutional provisions or enabling legislation. Net position restricted for other purposes include resources restricted for capital improvements, Federal and State grants restricted to disbursements for specific purposes and food services. As of June 30, 2016, the School District did not have any net position restricted by enabling legislation.
2. Unrestricted net position – All other net position that does not meet the definition of “restricted”.

The School District's policy is to first apply restricted resources when cash disbursement is incurred for purposes for which both restricted and unrestricted net position is available.

***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.

**Green Local School District**  
**Wayne County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2016*

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

- a. Non-spendable - The non-spendable classification 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” includes items that are not expected to be converted to cash.
- b. 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.
- c. Committed - The committed classification includes amounts that can be used only for the specific purposes imposed by a formal action (resolution) of the Board of Education. The committed amounts cannot be used for any other purpose unless the 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.
- d. Assigned - Amounts in the assigned classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds, other than the General Fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the General Fund, assigned amounts represent intended uses established by the 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.
- e. 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 first applies restricted resources when, an expenditure is incurred for purposes for which either restricted or unrestricted (committed, assigned, and unassigned) amounts are available. Similarly, within unrestricted fund balances, 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 can be used.

***B. Fund Accounting***

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

**Green Local School District**  
**Wayne County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2016*

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**Governmental Funds** Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. 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 disbursed or transferred according to the general laws of Ohio.

**Bond Retirement Fund** The Bond Retirement Fund is used to account for property tax receipts and transfers from the General Fund to pay principal and interest on the School District's general obligation bonds.

**Classroom Facilities Fund** The classroom facilities fund is used to account for all monies received and disbursed in connection with contracts entered into by the School District and the Ohio Facilities Construction Commission for the building and equipping of classroom facilities.

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 internally or externally.

**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 private purpose trust funds account for scholarships for students. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The School District's agency funds include various student-managed activities.

**C. Cash and Investments**

To improve cash management, 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 Investments" on the financial statements. During fiscal year 2016, the School District's investments included money market accounts and State Treasury Asset Reserve of Ohio (STAR Ohio).

STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2016.

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are presented on the financial statements as "equity in pooled cash and investments". Investments with an original maturity of more than three months that are not made from the pool are reported as "investments".

**Green Local School District**  
**Wayne County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2016*

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Following Ohio statutes, the Board of Education has, by resolution, identified the funds to receive an allocation of interest. Interest revenue credited to the general fund during fiscal year 2016 amounted to \$7,333, which includes \$4,472 assigned from other School District funds.

***D. Capital Assets***

Acquisitions of capital assets are recorded as disbursements when paid. The financial statements do not report these assets.

***E. Compensated Absences***

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the cash basis of accounting used by the School District.

***F. Pensions***

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

***G. Accrued Liabilities and Long-term Obligations***

Under Ohio law, a debt service fund must be created and used for the payment of tax and receipt anticipation notes. Long-term debt arising from cash basis transactions of governmental funds is not reported as a liability in the fund financial statements.

The School District's cash basis financial statements do not report liabilities for bonds and other long-term obligations. Proceeds of debt are reported when cash is received and principal and interest payments are reported when paid. Since recording a capital asset when entering into a capital lease is not a cash transaction, neither an other financing source nor a capital outlay expenditure are reported at inception. Lease payments are reported when made.

***H. Intergovernmental Receipts***

Unrestricted intergovernmental revenues received on the basis of entitlements are recorded as receipts when the entitlement is received. Federal and State reimbursement type grants are recorded as receipts when the grant is received.

***I. Inventory and Prepaid Items***

The School District reports disbursements for inventory and prepaid items when paid. The items are not reflected as assets, but as disbursements in the accompanying cash basis financial statements.

**Green Local School District**  
**Wayne County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2016*

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***J. Interfund Activity***

During the course of normal operations, the School District has numerous transactions between funds. The most significant include:

1. Transfers of resources from one fund to another fund through which resources to be expended are recorded as transfers.
2. Reimbursements from one fund to another are treated as disbursements in the reimbursing fund and a reduction in disbursements in the reimbursed fund.
3. The School District reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

***K. Extraordinary and Special Items***

Extraordinary items are transactions or events that are both unusual in 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 2016.

***L. 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.

The certificate of estimated resources may be amended during the fiscal year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts in the budgetary 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 2016.

The appropriation resolution is subject to amendment by the Board throughout the fiscal year with the restriction that appropriations may not exceed estimated receipts. 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 fiscal year.

**Green Local School District**  
**Wayne County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2016*

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***M. Encumbrances***

As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are recorded as the equivalent of disbursements on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. Disbursements plus encumbrances may not legally exceed appropriations.

***N. Lapsing of Appropriations***

At the close of each fiscal 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.

***O. Receipts and Disbursements***

Program Receipts

In the Statement of Activities, receipts that are derived directly from each activity or from parties outside the School District's taxpayers are reported as program receipts. The School District has the following program receipts: charges for service, operating and capital grants, contributions and interest.

All other governmental receipts are reported as general. All taxes are classified as general receipts even if restricted for a specific purpose.

Disbursements

Governmental activities include the School District's programs and services, including instruction, support services, operation and maintenance of plant (buildings), pupil transportation, extracurricular activities, and food service operations.

***P. Implementation of New Accounting Policies***

For the fiscal year ended June 30, 2016, the School District has, to the extent it applies to the cash basis of accounting, implemented Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*, GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68*, GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments* and GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*.

GASB Statement No. 72 clarifies the definition of fair value for financial reporting purposes, establishes general principles for measuring fair value, provides additional fair value application guidance, and enhances disclosures about fair value measurements. The implementation of GASB Statement No. 72 did not have an effect on the financial statements of the School District.

GASB Statement No. 73 establishes requirements for defined benefit pensions that are not within the scope of GASB Statement No. 68 as well as for the assets accumulated for purposes of providing those pensions. In addition, it establishes requirements for defined contribution pensions that are not within the scope of Statement 68. It also clarifies the application of certain provisions of GASB Statements 67 and

**Green Local School District**  
**Wayne County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2016*

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68. The implementation of GASB Statement No. 73 did not have an effect on the financial statements of the School District.

GASB Statement No. 76 reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The implementation of GASB Statement No. 76 did not have an effect on the financial statements of the School District.

GASB Statement No. 79 addresses accounting and financial reporting for certain external investment pools and pool participants. Specifically, it establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost for financial reporting purposes. The implementation of GASB Statement No. 79 did not have an effect on the financial statements of the School District.

**Note 3 – Accountability and Compliance**

**A. Accountability**

Fund balances at June 30, 2016 included the following individual fund deficits:

*Non Major Special Revenue Funds:*

Teacher Entry Year	\$	325
Student Growth		4,244
IDEA		71,837
Title I		14,622
Improving Teacher Quality		3,894

The general fund provides transfers to cover deficit balances; however, this is done when cash is needed. The deficit fund balances were created at June 30, 2016, due to the School District not yet receiving reimbursement for certain disbursements.

**B. Compliance**

Ohio Administrative Code Section 117-2-03(B) requires the School District to prepare its annual financial report in accordance with generally accepted accounting principles. For fiscal year 2016, the School District prepared its financial report on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. This financial report omits assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equities and disclosures that, while material, cannot be determined at this time.

**Note 4 – Deposits and Investments**

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

**Green Local School District**  
**Wayne County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2016*

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

Inactive deposits are public deposits that the Board of Education has identified as not required for use within the current two-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.

The School District is setting aside monies in a Sinking Fund investment account with the Huntington Bank that will be used to fund the scheduled balloon payment on their long-term obligation described in Note 10. The balance as of June 30, 2016, is \$927,112 and has been excluded from the investments reported below as it is not part of the School District's internal investment pool. These amounts are reported on the financial statements as "Cash and Investments with Fiscal Agents".

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 bills, notes, bonds, or any other obligations 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 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 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 item (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);

**Green Local School District**  
**Wayne County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2016*

7. Certain bankers' acceptances and commercial paper notes in an amount not to exceed 40 percent of the interim moneys available for investment at any one time; and
8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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.

As of June 30, 2016, the School District had \$100 in undeposited cash on hand which is included in the Equity in pooled cash and investments.

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, and per School District policy, financial institutions must collateralize all uninsured public deposits. The face value of the pooled collateral must equal at least 105 percent public funds deposited. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions.

**Deposits** - At fiscal year-end, the carrying amount of the School District's deposits was \$2,369,630 and the bank balance was \$2,635,324. As of June 30, 2016, \$500,000 of the bank balance was covered by Federal Depository Insurance. The remaining bank balance of \$2,135,324 was collateralized but uninsured.

**Cash and Investments with Fiscal Agents** – The School District is setting aside monies in a Sinking Fund investment account with Huntington Bank that will be used to fund future payments on their long-term obligations described in Note 10. The balance as of June 30, 2016 was \$927,112 and has been excluded from the investments reported below as it is not part of the School District's internal investment pool. These amounts are reported on the financial statements as "Cash and Investments with Fiscal Agents."

**Investments** – Investments are reported at cost. As of June 30, 2016, the School District had the following investments and maturities:

Rating by Standard and Poor	Entity	Carrying Value	Investment Maturities in years (0-1)	Percentage of Total Investment
AAAm	STAR Ohio	\$ 1,998,686	\$ 1,998,686	59%
AAAm	Money Market	1,403,279	1,403,279	41%
	<b>Total</b>	<b>\$ 3,401,965</b>	<b>\$ 3,401,965</b>	<b>100%</b>

**Green Local School District**  
**Wayne County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2016*

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*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 credit risk is the 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 credit 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. STAR Ohio is an investment pool operated by the Ohio State Treasurer. It is unclassified since it is not evidenced by securities that exist in physical or book entry form. Ohio law requires STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The weighted average of maturity of the portfolio held by STAR Ohio as of June 30, 2016, is 49 days.

*Concentration of Credit Risk* –The School District places no limit on the amount the School District may invest in any one issuer. At June 30, 2016, the School District had investments summarized above in amounts greater than 5 percent of total investments.

**Note 5 – 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 2016 represents collections of calendar year 2015 taxes. Real property taxes received in calendar year 2016 were levied after April 1, 2015, on the assessed value listed as of January 1, 2015, 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 2016 represents collections of calendar year 2015 taxes. Public utility real and tangible personal property taxes received in calendar year 2016 became a lien December 31, 2014, were levied after April 1, 2015 and are collected in 2016 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 Wayne County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2016, are available to finance fiscal year 2016 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

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

	2015 Second- Half Collections		2016 First- Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$ 153,293,500	97%	\$ 145,612,530	97%
Public Utility Personal Property	3,970,870	3%	4,827,790	3%
<b>Total</b>	<b>\$ 157,264,370</b>	<b>100%</b>	<b>\$ 150,440,320</b>	<b>100%</b>
Tax rate per \$1,000 of assessed valuation	\$ 57.05		\$ 59.65	

**Note 6 – Risk Management**

***A. Property and Liability***

The School District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees, and natural disasters. The School District has a comprehensive property and casualty policy with Ohio School Plans. The deductible is \$1,000 per incident on property and equipment. All vehicles are also insured with the Ohio School Plans and have a \$1,000 deductible. All board members, administrators, and employees are covered under a school district liability policy with the Ohio School Plans. The limits of this coverage are \$5,000,000 per occurrence and \$7,000,000 per aggregate. Settled claims have not exceeded this commercial coverage in any of the past three years. All the board members and the superintendent have a \$20,000 position bond with the Travelers Casualty and Surety Company of America. There has been no significant reduction in insurance coverage from the prior year.

The Treasurer is covered under a surety bond in the amount of \$30,000. This bond is provided by the Travelers Casualty and Surety Company of America.

***B. Workers' Compensation***

Effective calendar year 2010, the School District enrolled in the Ohio School Comp Group rating program. The program is sponsored by the Ohio School Boards Association member districts and the Ohio Association of School Business Officials members. The program provides, through the third party administrator, CompManagement, administrative, training and safety resources for administering the workers' compensation plan for the School District employees. Premiums are calculated on rate per \$100 of payroll. This rate is calculated based upon accident history and administrative costs.

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***C. Employee Medical Benefits***

The School District is a member of the Portage Area School Consortium (the Consortium) for health insurance for the School District's employees. The Consortium was established in 1981 so that member educational-service providers in Portage County and others outside the county could manage risk exposures and purchase necessary insurance coverage's as a group. The Consortium is organized into two distinct entities to facilitate its risk management operations. The Property and Casualty Insurance Pool functions to manage the member districts' physical property and liability risks. The Health and Welfare Trust is to facilitate the management of risks associated with providing employee benefits, coverage's such as health and accident insurance, disability insurance and life insurance. The School District participates in the Health and Welfare Trust. The Consortium retains a third-party administrator to facilitate the operation of the Health and Welfare Trust.

The School District pays all insurance premiums directly to the Consortium. Although the School District recognizes that it retains a contingent liability to provide insurance coverage's should the assets of the Consortium become depleted, it is the opinion of management that the assets of the Consortium are sufficient to meet its claims.

**Note 7 – Defined Benefit Pension Plans**

***Net Pension Liability***

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

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

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

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

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***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](http://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.

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

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

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS’ Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System’s funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2016, the allocation to pension, death benefits, and Medicare B was 14 percent. SERS did not allocate any employer contributions to the Health Care Fund for fiscal year 2016.

The School District’s contractually required contribution to SERS was \$299,505 for fiscal year 2016.

***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](http://www.strsoh.org).

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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 was 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 year 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.

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

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

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

Funding Policy – Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The statutory maximum employee contribution rate was increased one percent July 1, 2014, and will be increased one percent each year until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2016, plan members were required to contribute 13 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 2016 contribution rates were equal to the statutory maximum rates.

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The School District's contractually required contribution to STRS was \$687,456 for fiscal year 2016.

***Net Pension Liability***

The net pension liability was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on the School District's share of contributions to the pension plan relative to the projected contributions of all participating entities. Following is information related to the proportionate share:

	STRS	SERS	Total
Proportionate Share of the Net Pension Liability	\$ 12,816,094	\$ 2,209,087	\$ 15,025,181
Proportion of the Net Pension Liability	0.04637283%	0.03871450%	

***Actuarial Assumptions - SERS***

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

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

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2015, are presented below:

Wage Inflation	3.25 percent
Future Salary Increases, including inflation	4.00 percent to 22 percent
COLA or Ad Hoc COLA	3.00 percent
Investment Rate of Return	7.75 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal

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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 averaged of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The target allocation and best estimates of arithmetic real rates of return for each major assets class are summarized in the following table:

<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
	100.00 %	

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

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
School District's proportionate share of the net pension liability	\$ 3,063,210	\$ 2,209,087	\$ 1,489,845

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***Actuarial Assumptions - STRS***

The total pension liability in the June 30, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.75 percent
Projected salary increase	2.75 percent at 70 to 12.25 percent at age 20
Investment Rate of Return	7.75 percent, net of investment expenses, including inflation
Cost-of-Living Adjustments (COLA)	2.00 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, 2015, 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:

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

***Discount Rate*** The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2015. 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, 2015. 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, 2015.

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
School District's proportionate share of the net pension liability	\$ 17,802,521	\$ 12,816,094	\$ 8,599,326

**Note 8 – Post Employment 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](http://www.ohsers.org) under Employers/Audit Resources.

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 2016, SERS did not allocate any employer contributions to the Health Care fund. In addition, employers pay a surcharge for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. For fiscal year 2016, this amount was \$23,000. 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, 2016, 2015, and 2014 were \$21,750, \$32,863 and \$23,112, respectively. The full amount has been contributed for fiscal years 2016, 2015 and 2014.

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***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](http://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 2016, 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, 2016, 2015, and 2014 were \$0, \$0, and \$48,782, respectively. The full amount has been contributed for fiscal years 2016, 2015 and 2014.

**Note 9 – Other Employee Benefits**

***A. Life Insurance***

The School District provides term life insurance to employees through American United Life Insurance Company in the amount of \$35,000 for all eligible employees, the Treasurer has \$50,000 in coverage, and the Superintendent has \$200,000 in coverage. Employees with less than an average 25-hour work week are eligible for \$17,500 term life insurance. Term life insurance is provided at a rate of \$.09/\$1,000/month.

***B. Compensated Absences***

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees and administrators, who are contracted to work no less than 12 months, earn 10 to 20 days of vacation per year depending upon length of service. Teachers and Administrators who work less than 12 months do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at a rate of one and one-quarter days per month cumulated to a limit of 260 days. Upon retirement, certified and classified employees with 10 years or more of service to the School District may receive severance for 25 percent of accrued and unused sick leave.

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**Note 10 – Long - Term Obligations**

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

Description	Outstanding 6/30/2015	Additions	Reductions	Outstanding 6/30/2016	Amounts Due in One Year
<b>Governmental Obligations Bonds</b>					
OFCC School Improvement Bonds, Series 2010 issue					
Qualified School Construction Bonds - 5.11%	\$ 5,560,000	\$ 0	\$ 0	\$ 5,560,000	\$ 0
2014 Classroom Facilities & School Improvement					
Refunding Bonds					
Current Interest Serial Bonds	2,575,000	0	25,000	2,550,000	25,000
Current Interest Term Bonds	4,155,000	0	0	4,155,000	0
Capital Appreciation Bonds	249,998	0	0	249,998	0
Accretion	14,609	20,717	0	35,326	0
Capital Leases	32,320	0	32,320	0	0
Total Long-Term Obligations	<u>\$ 12,586,927</u>	<u>\$ 20,717</u>	<u>\$ 57,320</u>	<u>\$ 12,550,324</u>	<u>\$ 25,000</u>

Capital leases were paid from the general fund. The OFCC School Improvement Bonds will be paid from the bond retirement fund.

In September 2010, the School District issued \$12,949,998 in voted Classroom Facilities and School Improvement bonds for the purpose of financing their Ohio Facilities Construction Project which will build one new K-12 School. The bond issue consists of \$7,070,000 in Build America bonds, \$5,560,000 in Qualified School Construction bonds and \$309,998 in tax-exempt bonds. The School District is setting aside monies toward the Qualified School Construction Bond payment in a sinking fund, described in Note 4 as "Cash and Investments with Fiscal Agents." The tax-exempt bonds were paid in full in fiscal year 2013. The Build America bonds were refunded in fiscal year 2015.

On September 25, 2014, the School District issued \$7,069,998 in voted general obligation bonds, which included serial, term and capital appreciation (deep discount) bonds in the amount of \$2,665,000, \$4,155,000 and \$249,998, respectively. The bonds refunded \$7,070,000 of outstanding Build America bonds. The bonds were issued for a 27 year period with final maturities at December 1, 2041.

At the date of refunding, \$7,124,019, (including premium and other issuance costs) was received to pay off the old debt. As a result, \$7,070,000 of the notes was retired. The bonds were issued with a premium of \$326,096. 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 \$259,984 over the next 27 years and resulted in an economic gain of \$175,224.

The bond issue consists of serial, term and capital appreciation bonds. The serial bonds were issued with a varying interest rate of 2.00 to 4.00 percent. The term bonds that mature in fiscal years 2022, 2026, 2037 and 2041 are subject to a mandatory sinking fund redemption at a redemption price equal to 100 percent of the principal amount redeemed, plus interest accrued to the redemption date, on December 1 of the years shown in and according to the following schedule:

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<b>2022 Term Bonds</b>		<b>2026 Term Bonds</b>	
Year	Amount	Year	Amount
2019	\$ 25,000	2023	\$ 25,000
2020	25,000	2024	25,000
2021	25,000	2025	25,000
2022	25,000 (a)	2026	25,000 (a)

  

<b>2037 Term Bonds</b>		<b>2041 Term Bonds</b>	
Year	Amount	Year	Amount
2035	\$ 485,000	2038	\$ 560,000
2036	520,000	2039	595,000
2037	540,000 (a)	2040	615,000
		2041	640,000 (a)

(a) Remaining principal balance scheduled to be paid at the stated maturity of the corresponding Term Bonds.

The term bonds maturing after December 1, 2022 are subject to optional redemption, in whole or in part, on any date on or after December 1, 2022, at a redemption price equal to 100 percent of the principal amount redeemed, plus interest accrued to the redemption date.

The capital appreciation bonds will mature December 1, 2027 and 2028. These bonds were purchased at a discount at the time of issuance and at maturity all compounded interest is paid and the bond holder collects the face value. However, since interest is technically earned and compounded semi-annually, the value of the bond increases. Therefore, as the value increases, the accretion is noted. The maturity amount of the bonds is \$700,000. The fiscal year accretion amount was \$20,717.

Principal and interest requirements to retire general obligation bonds outstanding at June 30, 2016 are as follows:

<b>Fiscal Year Ending June 30,</b>	<b>Qualified School Construction Bonds</b>	<b>General Obligation Bonds</b>	<b>Capital Appreciation Bonds</b>	<b>Interest/ Accretion</b>	<b>Total</b>
2017	\$ 0	\$ 25,000	\$ 0	\$ 544,102	\$ 569,102
2018	0	25,000	0	543,602	568,602
2019	0	25,000	0	543,102	568,102
2020	0	25,000	0	542,571	567,571
2021	0	25,000	0	542,008	567,008
2022-2026	0	125,000	0	2,700,198	2,825,198
2027-2031	5,560,000	770,000	249,998	1,829,491	8,409,489
2032-2036	0	2,215,000	0	923,800	3,138,800
2037-2041	0	2,830,000	0	420,800	3,250,800
2042	0	640,000	0	12,800	652,800
Total	\$ 5,560,000	\$ 6,705,000	\$ 249,998	\$ 8,602,473	\$ 21,117,471

**Green Local School District**  
**Wayne County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2016*

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**Note 11 – Capital Leases**

In a prior fiscal year, the School District entered into a lease for copier equipment. Lease payments in the governmental funds have been reclassified and are reflected as debt service in the basic financial statements for the general fund. These disbursements are reflected as program/function expenditures on a budgetary basis. The lease was paid in full during fiscal year 2016.

**Note 12 – Jointly Governed Organizations**

**A. *Tri-County Computer Services Association (TCCSA)***

The Midland Council of Governments dba/Tri-County Computer Services Association is organized under Chapter 167 of the Ohio Revised Code. The Tri-County Computer Services Association (TCCSA) is a jointly governed organization. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions for member districts in Ashland, Holmes, Medina and Wayne counties. TCCSA is governed by representatives from each of the participating public school districts served by TCCSA. TCCSA is recognized as one of twenty-three regional Information Technology Centers (ITC) as defined by the Ohio Department of Education. Each of the participating districts supports TCCSA based upon a per pupil charge dependent upon the software package utilized. Financial information can be obtained by contacting the Executive Director at TCCSA located at 2125 Eagle Pass, Wooster, OH 44691. During the fiscal year ended June 30, 2016, the School District paid \$132,305 to TCCSA for basic service charges.

**B. *Portage County School Consortium (the Consortium)***

The School District is a member of the Portage County School Consortium, an insurance group-purchasing consortium made up of member districts inside and outside of Portage County. All member districts pay an insurance premium directly to the Consortium. Although the School District does not participate in the day-to-day management of the Consortium, one of its administrators serves as a trustee of the Consortium's governing board as provided in the consortium's enabling authority.

**Note 13 – Contingencies**

**A. *Grants***

The School District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is 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, 2016, 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.

**Green Local School District**  
**Wayne County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2016*

**C. Other Commitments**

The School District utilizes encumbrance accounting as part of its budgetary controls. Encumbrances outstanding at year end may be reported as part of restricted, committed or assigned classifications of fund balance. At fiscal year end, the School District's commitments for encumbrances in the governmental funds were as follows:

Fund	Amount
General	\$ 569,745
Nonmajor Governmental	97,620
	\$ 667,365

**D. 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 or June 30, 2016 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.

**Note 14 – Set-Asides**

The School District is required by State statute to annually set aside in the general fund an amount based on a statutory formula for the acquisition 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 acquisition. Disclosure of this information is required by State statute.

	<b>Capital Acquisition</b>
Set-Aside Reserve Balance June 30, 2015	\$ 0
Current Year Set Aside Requirement	195,910
Current Year Qualifying Offsets	(231,620)
Total	\$ (35,710)
Balance carried forward to FY 2017	\$ 0
Set-Aside Reserve Balance June 30, 2016	\$ 0

Although the School District had qualifying offsets during the fiscal year that reduced the set-aside amount to below zero for the capital acquisition set-aside, 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.

**Green Local School District**  
**Wayne County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2016*

**Note 15 – Budgetary Basis of Accounting**

The statement of receipts, disbursements and changes in fund balance - budget and actual (cash basis) presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the cash basis are that:

- a. In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, total outstanding encumbrances (budget basis) are recorded as the equivalent of a disbursement; and,
- b. Some funds are included in the general fund (cash basis), but have separate legally adopted budgets (budget basis).

The adjustments necessary to convert the results of operations for the year on the budget basis to the cash basis for the general fund is as follows:

Net Change in Fund Balance

	General Fund
Cash Basis	\$ 30,658
Funds Budgeted Elsewhere**	16,352
Adjustment for Encumbrances	(564,205)
Budget Basis	\$ (517,195)

\*\*As part of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting*, certain funds that are legally budgeted in separate special revenue funds are considered part of the general fund on the cash basis. This includes the unclaimed funds, rotary and public school support funds.

**Note 16 – Contractual Commitments**

At June 30, 2016, the School District had the following outstanding contractual commitments:

Contract/Vendor	Contracted Amount	Amount Remaining
CCI, Commercial Construction	\$ 413,255	\$ 33,061
Lettergraphics	21,366	14,244
	\$ 434,621	\$ 47,305

**Green Local School District**  
**Wayne County, Ohio**  
*Notes to the Basic Financial Statements*  
*For the Fiscal Year Ended June 30, 2016*

**Note 17 – Fund Balance**

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

The constraints placed on fund balance for the major governmental funds and all other governmental funds are presented below:

	<u>General</u>	<u>Bond Retirement</u>	<u>Classroom Facilities</u>	<u>Other Governmental</u>	<u>Total Governmental</u>
Nonspendable for:					
Unclaimed Funds	\$ 2,005	\$ 0	\$ 0	\$ 0	\$ 2,005
Restricted for:					
Capital Outlay	0	0	1,858,171	23,125	1,881,296
Classroom Facilities Maintenance	0	0	0	363,164	363,164
Debt Retirement	0	1,295,593	0	0	1,295,593
Food Service Operations	0	0	0	198,796	198,796
Extracurricular Activities	0	0	0	63,762	63,762
Special Education	0	0	0	99,409	99,409
Teacher Improvements	0	0	0	6,250	6,250
Technology	0	0	0	5,400	5,400
Total Restricted	<u>0</u>	<u>1,295,593</u>	<u>1,858,171</u>	<u>759,906</u>	<u>3,913,670</u>
Committed for:					
Board Specified	<u>10,068</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>10,068</u>
Assigned for:					
Encumbrances:					
Instruction	214,828	0	0	0	214,828
Support Services	349,378	0	0	0	349,378
Other	30,612	0	0	0	30,612
Subsequent Year Appropriations	789,672	0	0	0	789,672
Total Assigned	<u>1,384,490</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>1,384,490</u>
Unassigned	<u>1,361,135</u>	<u>0</u>	<u>0</u>	<u>(94,922)</u>	<u>1,266,213</u>
Total Fund Balances	<u>\$ 2,757,698</u>	<u>\$ 1,295,593</u>	<u>\$ 1,858,171</u>	<u>\$ 664,984</u>	<u>\$ 6,576,446</u>



# 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  
Wayne County  
100 Smithie Dr.  
P.O. Box 438  
Smithville, Ohio 44677

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the cash-basis financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Green Local School District, Wayne County, Ohio (the School District), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements and have issued our report thereon dated September 27, 2016, wherein we noted the School District uses a special purpose framework other than generally accepted accounting principles.

### ***Internal Control Over Financial Reporting***

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

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

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

***Compliance and Other Matters***

As part of reasonably assuring whether the School District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed an instance of noncompliance or other matter we must report under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2016-001.

***School District's Response to Finding***

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

***Purpose of this Report***

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



**Dave Yost**  
Auditor of State  
Columbus, Ohio

September 27, 2016

GREEN LOCAL SCHOOL DISTRICT  
WAYNE COUNTY

SCHEDULE OF FINDINGS  
JUNE 30, 2016

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

FINDING NUMBER 2016-001

**Noncompliance**

**Ohio Rev. Code § 117.38** provides each public office shall file a financial report for each fiscal year. The Auditor of State may prescribe forms by rule or may issue guidelines, or both, for such reports. If the Auditor of State has not prescribed a rule regarding the form for the report, the public office shall submit its report on the form utilized by the public office. **Ohio Admin. Code § 117-2-03** further clarifies the requirements of **Ohio Rev. Code § 117.38**.

**Ohio Admin. Code § 117-2-03(B)** requires the School District to prepare its annual financial report in accordance with accounting principles generally accepted in the United States of America (GAAP). The School District prepared its financial statements in accordance with the cash basis of accounting in a report format similar to the requirements of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments*. This presentation differs from GAAP. There would be variances on the financial statements between this accounting practice and GAAP that, while presumably material, cannot be reasonably determined at this time. Failure to prepare proper GAAP financial statements may result in the School District being fined or other administrative remedies.

The School District should prepare its financial statements in accordance with accounting principles generally accepted in the United States of America (GAAP).

**Officials' Response:** Every year the Board of Education passes a resolution to prepare cash basis financial statements. The Green Local School Board of Education recognizes the value in preparing timely and accurate financial statements to reflect the School District's operations as of fiscal year end. Due to the cost requirements of preparing these financial statements according to Generally Accepted Accounting Principles (GAAP), the Board has determined that preparing year end statements on a cash basis of accounting will reflect the School District's financial position and allow for resources previously spent on GAAP to be allocated for educational purposes.

**GREEN LOCAL SCHOOL DISTRICT  
WAYNE COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
JUNE 30, 2016**

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Status</b>	<b>Additional Information</b>
2015-001	ORC 117.38 and OAC 117-2-(03)B - Filing GAAP Financial Statements	Not Corrected	See Finding 2016-001.



# Dave Yost • Auditor of State

**GREEN LOCAL SCHOOL DISTRICT**

**WAYNE 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  
OCTOBER 11, 2016**