



Dave Yost • Auditor of State



**GREEN LOCAL SCHOOL DISTRICT  
SUMMIT COUNTY  
JUNE 30, 2016**

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# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT

Green Local School District  
Summit County  
1755 Town Park Boulevard  
PO Box 218  
Green, Ohio 44232

To the Board of Education:

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

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

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

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

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

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

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

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

***Opinion***

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

***Other Matters***

*Required Supplementary Information*

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

*Supplementary and Other Information*

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

The Schedule of Receipts and Expenditures of Federal Awards presents additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards and is not a required part of the financial statements.

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

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 14, 2017, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

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

March 14, 2017

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**Green Local School District**  
**Summit County, Ohio**  
*Management's Discussion and Analysis*  
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*(Unaudited)*

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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 and financial statements to enhance their understanding of the School District's financial performance.

***Financial Highlights***

Key financial highlights for 2016 are as follows:

- Net position increased \$5,432,116, which represents a 15 percent increase from 2015.
- Capital assets decreased \$559,970 during fiscal year 2016 due to disposals and depreciation exceeding additions.
- During the year, outstanding debt decreased from \$16,132,698 to \$14,266,434 due to principal payments made by the School District.

***Using this Annual Report***

This annual report consists of a series of financial statements and notes to those statements. The statements are organized so the reader can understand the Green Local School District as a whole entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

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

***Reporting the School District as a Whole***

*Statement of Net Position and the Statement of Activities*

While the basic financial statements contain the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2016?" The *Statement of Net Position* and the *Statement of Activities* answer this question. These statements include all assets, deferred outflows of resources, liabilities and deferred inflows of resources using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

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

***Fund Financial Statements***

The major funds financial statements begin on page 17. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions; however, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the general fund and permanent improvement fund.

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

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

The School District is the trustee, or fiduciary, for some of its scholarship programs. This activity is presented as a private purpose trust fund. The School District also acts in a trustee capacity as an agent for individuals, private organizations, other governmental units and/or other funds. These activities are reported in one agency fund. The School District's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position on pages 22 and 23. These activities are excluded from the School District's other financial statements because the assets cannot be utilized by the School District to finance its operations.

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**The School District as a Whole**

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position for 2016 compared to 2015:

**Table 1**  
**Net Position**

	Governmental Activities	
	2016	2015
<b>Assets</b>		
Current and Other Assets	\$ 37,753,651	\$ 34,728,542
Capital Assets	36,400,919	36,960,889
<i>Total Assets</i>	<u>74,154,570</u>	<u>71,689,431</u>
<b>Deferred Outflows of Resources</b>		
Deferred Charges on Refunding	39,616	49,519
Pension	6,107,690	3,686,333
<i>Total Deferred Outflows of Resources</i>	<u>6,147,306</u>	<u>3,735,852</u>
<b>Liabilities</b>		
Other Liabilities	5,779,579	5,883,753
Long-Term Liabilities		
Due Within One Year	2,531,095	2,707,150
Due in More Than One Year		
Net Pension Liability	55,118,475	48,019,279
Other Amounts	25,310,885	27,656,835
<i>Total Liabilities</i>	<u>88,740,034</u>	<u>84,267,017</u>
<b>Deferred Inflows of Resources</b>		
Property Taxes Levied for the Next Year	20,125,892	19,970,531
Pension	3,500,332	8,684,233
<i>Total Deferred Inflows of Resources</i>	<u>23,626,224</u>	<u>28,654,764</u>
<b>Net Position</b>		
Net Investment in Capital Assets	22,174,101	20,767,836
Restricted	4,303,390	4,599,525
Unrestricted	(58,541,873)	(62,863,859)
<i>Total Net Position</i>	<u>\$ (32,064,382)</u>	<u>\$ (37,496,498)</u>

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

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

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

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

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

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

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

As a result of implementing GASB 68, the School District is reporting a net pension liability and deferred inflows/outflows of resources related to pension on the accrual basis of accounting.

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At year end, capital assets represented 49 percent of total assets. Capital assets include land, construction in progress, buildings and improvements, furniture and equipment and vehicles. Net investment in capital assets was \$22,174,101 at June 30, 2016. These capital assets are used to provide services to students and are not available for future spending. Although the School District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the School District's net position, \$4,303,390, represents resources that are subject to external restrictions on how they may be used.

There was a \$3,025,109 increase in current and other assets. This was primarily caused by a \$2,440,627 increase in equity in pooled cash and cash equivalents which was primarily a result of the School District's efforts to control expenses in order to accommodate fluctuating revenues.

Long-term liabilities increased \$4,577,191 from fiscal year 2015, primarily due to an increase in net pension liability, offset by principal payments made on debt obligations. The \$2,411,454 increase in deferred outflows of resources and the \$5,028,540 decrease in deferred inflows of resources were primarily caused by changes related to net pension liability during 2016.

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In order to further understand what makes up the changes in net position for the current year, the following table gives readers further details regarding the results of activities for 2016 and 2015.

**Table 2**  
**Changes in Net Position**

	Governmental Activities	
	2016	2015
<b>Revenues</b>		
<i>Program Revenues:</i>		
Charges for Services	\$ 2,159,219	\$ 2,058,409
Operating Grants	3,504,995	4,180,303
Capital Grants	440,761	424,221
<i>Total Program Revenues</i>	<u>6,104,975</u>	<u>6,662,933</u>
<i>General Revenues:</i>		
Property Taxes	26,507,220	27,523,957
Grants and Entitlements Not Restricted	15,921,243	14,996,006
Other	126,186	349,888
<i>Total General Revenues</i>	<u>42,554,649</u>	<u>42,869,851</u>
<i>Total Revenues</i>	<u>48,659,624</u>	<u>49,532,784</u>
<b>Program Expenses</b>		
Instruction:		
Regular	18,236,284	16,888,791
Special	5,939,306	6,558,314
Vocational	71,284	71,307
Student Intervention Services	81,702	67,290
Other	1,990,739	1,902,542
Support Services:		
Pupils	2,744,415	2,421,490
Instructional Staff	1,376,013	1,804,437
Board of Education	23,523	46,074
Administration	2,868,734	2,696,278
Fiscal	1,226,443	1,046,551
Business	195,308	209,232
Operation and Maintenance of Plant	3,229,484	3,455,924
Pupil Transportation	2,136,398	2,040,906
Central	11,562	638,971
Operation of Non-Instructional Services:		
Food Service Operations	979,541	1,063,677
Community Services	45,008	47,755
Extracurricular Activities	1,514,548	1,340,608
Debt Service:		
Interest and Fiscal Charges	557,216	642,615
<i>Total Expenses</i>	<u>43,227,508</u>	<u>42,942,762</u>
<i>Increase (Decrease) in Net Position</i>	<u>5,432,116</u>	<u>6,590,022</u>
<i>Net Position at Beginning of Year</i>	<u>(37,496,498)</u>	<u>(44,086,520)</u>
<i>Net Position at End of Year</i>	<u>\$ (32,064,382)</u>	<u>\$ (37,496,498)</u>

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Homestead and rollback revenue was reclassified from capital grants to grants and entitlement not restricted for fiscal year 2016. For comparability purposes, fiscal year 2015 was also updated in Tables 2 and 3 to reflect this change.

Total revenue decreased \$873,160 from fiscal year 2015. The \$675,308 decrease in operating grants and contributions was caused by the Straight A Grant awarded during 2015, and the \$925,237 increase grants and entitlements not restricted was primarily caused by an increase in foundation revenue.

The School District saw a \$619,008 decrease in expenditures in special education during fiscal year 2016. This was primarily caused by a legal settlement that was paid during fiscal year 2015. The \$428,424 and \$627,409 decreases in instructional staff and central support services, respectively, were primarily caused by the purchase of textbooks and technology equipment during fiscal year 2015.

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**

	Total Cost of Service		Net Cost of Service	
	2016	2015	2016	2015
Instruction:				
Regular	\$ 18,236,284	\$ 16,888,791	\$ 16,848,697	\$ 16,133,339
Special	5,939,306	6,558,314	4,175,405	4,657,843
Vocational	71,284	71,307	65,029	67,413
Student Intervention Services	81,702	67,290	81,702	67,290
Other	1,990,739	1,902,542	1,990,739	1,902,542
Support Services:				
Pupils	2,744,415	2,421,490	1,718,474	1,484,343
Instructional Staff	1,376,013	1,804,437	1,261,536	1,689,109
Board of Education	23,523	46,074	23,523	46,074
Administration	2,868,734	2,696,278	2,868,734	2,696,278
Fiscal	1,226,443	1,046,551	1,226,443	1,046,551
Business	195,308	209,232	195,308	209,232
Operation and Maintenance of Plant	3,229,484	3,455,924	3,195,734	3,455,924
Pupil Transportation	2,136,398	2,040,906	2,057,305	1,963,778
Central	11,562	638,971	11,562	(538,904)
Operation of Non-Instructional Services:				
Food Service Operations	979,541	1,063,677	11,785	34,032
Community Services	45,008	47,755	(11,041)	2,878
Extracurricular Activities	1,514,548	1,340,608	844,382	719,492
Debt Service:				
Interest and Fiscal Charges	557,216	642,615	557,216	642,615
<b>Total Expenses</b>	<b>\$ 43,227,508</b>	<b>\$ 42,942,762</b>	<b>\$ 37,122,533</b>	<b>\$ 36,279,829</b>

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The dependence upon general revenues for governmental activities is apparent. Almost 86 percent of governmental activities are supported through taxes and other general revenues; such revenues are 87 percent of total governmental revenues. The community, as a whole, is by far the primary support for the School District students.

***Governmental Funds***

Information about the School District's major funds starts on page 17. These funds are accounted for using the modified accrual basis of accounting.

The general fund's net change in fund balance for fiscal year 2016 was an increase of \$3,003,945. Revenue decreased \$558,936. This was primarily caused by decreases in property tax and tuition and fees revenues, partially offset by an increase in intergovernmental revenue which was caused by an increase in foundation receipts. Property tax receipts will vary from year to year due to the timing of when tax bills are sent. The decrease in tuition and fees was primarily caused by a reduction in catastrophic costs and excess tuition revenues. Expenditures increased \$977,834. Fluctuations between regular instruction, special instruction, pupil support services and instructional staff were caused by changes in staffing and base pay throughout the School District. Retirements that occurred in 2015 were replaced with lower paid, less experienced employees, base salaries were increased overall and additional staff was added by the School District. In addition, special instruction decreased due to a legal settlement that was paid during fiscal year 2015.

The fund balance of the permanent improvement fund decreased by \$338,884 as a result of the timing difference of the collection of taxes as compared to project expenditures.

***General Fund Budgeting Highlights***

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

During the course of fiscal year 2016, the School District amended its general fund budget. The School District uses site-based budgeting and budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

For the general fund, actual budget basis revenue was \$39,222,304, which was higher than the final budget basis revenue by \$1,714. Final budget revenue increased \$1,772,768 over the original budget. Increases in intergovernmental revenue and property tax revenue were due to increases in foundation revenue and an increase in the tax valuation for the School District, respectively.

Final expenditure appropriations of \$36,635,869 were \$135,024 lower than the actual expenditures of \$36,770,893. There were no significant variances between appropriations and original appropriations.

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***Capital Assets and Debt Administration***

**Capital Assets**

At the end of fiscal year 2016, the School District had \$36,400,919 invested in capital assets, net of depreciation. Table 4 shows fiscal year 2016 balances compared with 2015.

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

	Governmental Activities	
	2016	2015
Land	\$ 1,031,143	\$ 1,031,143
Construction in Progress	30,375	242,352
Buildings and Improvements	33,595,771	33,939,172
Furniture and Equipment	929,545	814,495
Vehicles	814,085	933,727
<i>Totals</i>	<u>\$ 36,400,919</u>	<u>\$ 36,960,889</u>

The \$559,970 decrease in capital assets was attributable to depreciation and disposals exceeding additional purchases and construction in progress. See Note 9 for more information about the capital assets of the School District.

**Debt**

At June 30, 2016, the School District had \$14,266,434 in debt outstanding. See Note 14 for additional details. Table 5 summarizes bonds, notes and leases outstanding.

**Table 5**  
**Outstanding Debt at Year End**

	Governmental Activities	
	2016	2015
2009 Bond Refunding	\$ 5,835,000	\$ 7,165,000
Premium on Debt Issuance	136,114	170,143
Learning Center Obligation	6,414,495	6,710,902
Energy Conservation Bond	1,631,572	1,718,541
Capital Lease	249,253	368,112
<i>Total</i>	<u>\$ 14,266,434</u>	<u>\$ 16,132,698</u>

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***Current Issues***

The School District continues to receive strong support from the residents of the School District. As the preceding information shows, the School District relies heavily on its local property taxpayers. The last new emergency levy passed by the residents of the School District was in May 2011, in the amount of \$4.8 million. The local voters also passed a \$4.1 million renewal emergency levy in May 2014 by over 70 percent. The 2011 levy referenced above was also renewed in March 2016.

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

Thus, the School District's dependence upon property taxes is hampered by a lack of revenue growth and must regularly return to the voters to maintain a constant level of service. Property taxes made up 55 percent of revenues for governmental activities for the School District in fiscal year 2016.

The School District has also been affected by increased delinquency rates and changes in the personal property tax structure (utility deregulation) and commercial business/property uncertainties. Management has diligently planned expenses so that the 2014 renewal levy will stretch for the five years it is planned and beyond. This will be increasingly difficult with mandates in gifted education, rising utility costs and gasoline expenses, increased special education services required for our students, and significant increases in health insurance and property/liability/fleet insurance.

The School District saw a \$500,000 increase in foundation revenue in fiscal year 2016 on a cash basis. The School District will receive an additional \$200,000 in fiscal year 2017. The School District also currently receives slightly over \$200,000 in casino revenue.

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

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

***Contacting the School District's Financial Management***

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

**Green Local School District**  
**Summit County, Ohio**  
*Statement of Net Position*  
*June 30, 2016*

	Governmental Activities
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$ 10,723,830
Receivables:	
Intergovernmental	528,443
Property Taxes	26,501,378
Nondepreciable Capital Assets	1,061,518
Depreciable Capital Assets (Net)	35,339,401
<i>Total Assets</i>	74,154,570
<b>Deferred Outflows of Resources</b>	
Deferred Charges on Refunding	39,616
Pension	6,107,690
<i>Total Deferred Outflows of Resources</i>	6,147,306
<b>Liabilities</b>	
Accounts Payable	302,013
Accrued Wages and Benefits	4,203,338
Intergovernmental Payable	989,270
Vacation Leave Payable	192,037
Matured Compensated Absences Payable	17,809
Accrued Interest Payable	75,112
Long Term Liabilities:	
Due Within One Year	2,531,095
Due In More Than One Year	
Other Amounts Due In More Than One Year	25,310,885
Net Pension Liability (See Note 12)	55,118,475
<i>Total Liabilities</i>	88,740,034
<b>Deferred Inflows of Resources</b>	
Property Taxes Levied for the Next Year	20,125,892
Pension	3,500,332
<i>Total Deferred Inflows of Resources</i>	23,626,224
<b>Net Position</b>	
Net Investment in Capital Assets	22,174,101
Restricted For:	
Capital Outlay	2,478,214
Debt Service	1,095,244
Other Purposes	729,932
Unrestricted	(58,541,873)
<i>Total Net Position</i>	\$ (32,064,382)

See accompanying notes to the basic financial statements.

**Green Local School District**  
**Summit County, Ohio**  
*Statement of Activities*  
For the Fiscal Year Ended June 30, 2016

	Program Revenues			Net (Expense)
	Expenses	Charges for Services and Sales	Operating Grants and Contributions	Revenue and Changes in Net Position
			Capital Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>				
Instruction:				
Regular	\$ 18,236,284	\$ 993,626	\$ 393,961	\$ (16,848,697)
Special	5,939,306	66,637	1,697,264	(4,175,405)
Vocational	71,284	0	6,255	(65,029)
Student Intervention Services	81,702	0	0	(81,702)
Other	1,990,739	0	0	(1,990,739)
Support Services:				
Pupils	2,744,415	278,262	747,679	(1,718,474)
Instructional Staff	1,376,013	0	114,477	(1,261,536)
Board of Education	23,523	0	0	(23,523)
Administration	2,868,734	0	0	(2,868,734)
Fiscal	1,226,443	0	0	(1,226,443)
Business	195,308	0	0	(195,308)
Operation and Maintenance of Plant	3,229,484	0	33,750	(3,195,734)
Pupil Transportation	2,136,398	0	79,093	(2,057,305)
Central	11,562	0	0	(11,562)
Operation of Non-Instructional Services:				
Food Service Operations	979,541	591,289	376,467	(11,785)
Community Services	45,008	0	56,049	11,041
Extracurricular Activities	1,514,548	229,405	0	(844,382)
Debt Service:				
Interest and Fiscal Charges	557,216	0	0	(557,216)
<b>Total</b>	<b>\$ 43,227,508</b>	<b>\$ 2,159,219</b>	<b>\$ 3,504,995</b>	<b>\$ 440,761</b>
				<b>(37,122,533)</b>

**General Revenues**

Property Taxes Levied for:

General Purposes	22,008,935
Debt Service	1,470,024
Capital Outlay	3,028,261
Grants and Entitlements Not Restricted to Specific Programs	15,921,243
Investment Earnings	6,456
Miscellaneous	119,730
<b>Total General Revenues</b>	<b>42,554,649</b>

*Change in Net Position*

5,432,116

*Net Position Beginning of Year*

(37,496,498)

*Net Position End of Year*

\$ (32,064,382)

See accompanying notes to the basic financial statements.

**Green Local School District**  
**Summit County, Ohio**  
*Balance Sheet*  
*Governmental Funds*  
*June 30, 2016*

	General	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$ 7,735,500	\$ 1,992,737	\$ 995,593	\$ 10,723,830
Receivables:				
Interfund	102,308	0	0	102,308
Intergovernmental	118,922	0	409,521	528,443
Property Taxes	22,007,695	3,029,483	1,464,200	26,501,378
<i>Total Assets</i>	<u>\$ 29,964,425</u>	<u>\$ 5,022,220</u>	<u>\$ 2,869,314</u>	<u>\$ 37,855,959</u>
<b>Liabilities</b>				
Accounts Payable	\$ 175,632	\$ 90,727	\$ 35,654	\$ 302,013
Accrued Wages and Benefits	4,042,683	45,244	115,411	4,203,338
Intergovernmental Payable	947,168	26,632	15,470	989,270
Matured Compensated Absences Payable	17,809	0	0	17,809
Interfund Payable	0	0	102,308	102,308
<i>Total Liabilities</i>	<u>5,183,292</u>	<u>162,603</u>	<u>268,843</u>	<u>5,614,738</u>
<b>Deferred Inflows of Resources</b>				
Property Taxes Levied for the Next Year	16,714,829	2,299,627	1,111,436	20,125,892
Unavailable Revenue	699,035	80,932	150,266	930,233
<i>Total Deferred Inflows of Resources</i>	<u>17,413,864</u>	<u>2,380,559</u>	<u>1,261,702</u>	<u>21,056,125</u>
<b>Fund Balances</b>				
Restricted	0	2,479,058	1,340,171	3,819,229
Assigned	286,348	0	0	286,348
Unassigned	7,080,921	0	(1,402)	7,079,519
<i>Total Fund Balances</i>	<u>7,367,269</u>	<u>2,479,058</u>	<u>1,338,769</u>	<u>11,185,096</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$ 29,964,425</u>	<u>\$ 5,022,220</u>	<u>\$ 2,869,314</u>	<u>\$ 37,855,959</u>

See accompanying notes to the basic financial statements.

**Green Local School District**  
**Summit County, Ohio**  
*Reconciliation of Total Governmental Fund Balances to*  
*Net Position of Governmental Activities*  
*June 30, 2016*

<b>Total Governmental Fund Balances</b>		\$ 11,185,096
 <i>Amounts reported for governmental activities in the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		36,400,919
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Property Taxes	\$ 706,506	
Excess Costs	112,577	
Intergovernmental	111,150	
Total	930,233	930,233
The net pension liability is not due and payable in the current period; therefore, the liability and related deferred inflows/outflows are not reported in the governmental funds.		
Deferred Outflows - Pension	6,107,690	
Deferred Inflows - Pension	(3,500,332)	
Net Pension Liability	(55,118,475)	(52,511,117)
In the statement of activities, interest is accrued on outstanding bonds, whereas in the governmental funds, an interest expenditure is not reported.		(75,112)
In the statement of activities, a loss on refunding is amortized over the term of the bonds, whereas in governmental funds a refunding loss is reported when bonds are issued.		39,616
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
Learning Center Obligation	(6,414,495)	
General Obligation Bonds	(7,602,686)	
Capital Lease Obligation	(249,253)	
Claims Settlement Payable	(55,287)	
Compensated Absences	(2,115,854)	
Vacations Payable	(192,037)	
Unearned Revenue-Long Term (See Note 14)	(11,404,405)	(28,034,017)
<i>Net Position of Governmental Activities</i>		<b>\$ (32,064,382)</b>

See accompanying notes to the basic financial statements.

**Green Local School District**  
**Summit County, Ohio**  
*Statement of Revenues, Expenditures and Changes in Fund Balances*  
*Governmental Funds*  
*For the Fiscal Year Ended June 30, 2016*

	General	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
<b>Revenues</b>				
Property and Other Local Taxes	\$ 21,701,084	\$ 2,985,595	\$ 1,449,721	\$ 26,136,400
Intergovernmental	16,623,720	434,380	2,475,169	19,533,269
Investment Income	6,312	0	144	6,456
Tuition and Fees	797,083	0	0	797,083
Extracurricular Activities	424,900	0	227,388	652,288
Rentals	17,436	0	0	17,436
Charges for Services	0	0	591,289	591,289
Contributions and Donations	0	1,058	5,000	6,058
Miscellaneous	95,632	0	43,443	139,075
<i>Total Revenues</i>	<u>39,666,167</u>	<u>3,421,033</u>	<u>4,792,154</u>	<u>47,879,354</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	16,332,884	193,758	702,807	17,229,449
Special	5,648,596	395	398,662	6,047,653
Vocational	71,749	0	0	71,749
Student Intervention Services	83,284	0	0	83,284
Other	1,990,764	0	0	1,990,764
Support Services:				
Pupils	2,248,124	0	707,052	2,955,176
Instructional Staff	790,121	591,529	97,028	1,478,678
Board of Education	23,691	0	0	23,691
Administration	2,615,466	234,479	641	2,850,586
Fiscal	1,136,911	59,118	28,803	1,224,832
Business	197,937	0	0	197,937
Operation and Maintenance of Plant	2,393,069	297,321	33,750	2,724,140
Pupil Transportation	1,924,295	124,805	0	2,049,100
Central	8,677	0	0	8,677
Extracurricular Activities	1,048,900	56,921	207,361	1,313,182
Operation of Non-Instructional Services:				
Food Service Operations	0	0	969,033	969,033
Community Services	0	0	45,008	45,008
Capital Outlay	0	1,537,927	0	1,537,927
Debt Service:				
Principal Retirement	86,969	415,266	1,330,000	1,832,235
Interest and Fiscal Charges	62,751	248,398	278,488	589,637
<i>Total Expenditures</i>	<u>36,664,188</u>	<u>3,759,917</u>	<u>4,798,633</u>	<u>45,222,738</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>3,001,979</u>	<u>(338,884)</u>	<u>(6,479)</u>	<u>2,656,616</u>
<b>Other Financing Sources (Uses)</b>				
Proceeds from Sale of Capital Assets	1,966	0	0	1,966
<i>Net Change in Fund Balance</i>	3,003,945	(338,884)	(6,479)	2,658,582
<i>Fund Balance (Deficit) Beginning of Year</i>	<u>4,363,324</u>	<u>2,817,942</u>	<u>1,345,248</u>	<u>8,526,514</u>
<i>Fund Balance End of Year</i>	<u>\$ 7,367,269</u>	<u>\$ 2,479,058</u>	<u>\$ 1,338,769</u>	<u>\$ 11,185,096</u>

See accompanying notes to the basic financial statements.

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

*Reconciliation of the Statement of Revenues, Expenditures and Changes  
in Fund Balances of Governmental Funds to the Statement of Activities  
For the Fiscal Year Ended June 30, 2016*

<b>Net Change in Fund Balances - Total Governmental Funds</b>	\$	2,658,582
 <i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Capital Asset Additions	\$ 1,336,063	
Current Year Depreciation	<u>(1,786,928)</u>	(450,865)
Governmental funds only report the disposal of capital assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.		
		(109,105)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Unearned Revenue	439,703	
Property Taxes	370,819	
Excess Costs	74,814	
Intergovernmental	<u>(107,032)</u>	778,304
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
General Obligation Bonds	1,416,969	
Learning Center Obligation	296,407	
Capital Leases	<u>118,859</u>	1,832,235
Contractually required contributions are reported as expenditures in governmental funds; however, the statement of net position reports these amounts as deferred outflows.		
		3,372,474
Except for amount reported as deferred inflows/outflows, changes in the net pension liability are reported as pension expense in the statement of activities.		
		(2,866,411)
In the statement of activities, interest is accrued on outstanding bonds, and bond premium and gain/loss on refunding are amortized over the term of the bonds, whereas in governmental funds, an interest expenditure is reported when bonds are issued.		
Accrued Interest Payable	8,295	
Amortization of Premium on Bonds	34,029	
Amortization of Refunding Loss	<u>(9,903)</u>	32,421
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Compensated Absences and Severance	(4,533)	
Vacations Payable	(31,556)	
Claims Settlement Payable	<u>220,570</u>	<u>184,481</u>
<i>Change in Net Position of Governmental Activities</i>	\$	<u><u>5,432,116</u></u>

See accompanying notes to the basic financial statements.

**Green Local School District**  
**Summit County, Ohio**  
*Statement of Revenues, Expenditures, and Changes in Fund Balance -*  
*Budget (Non-GAAP Basis) and Actual*  
*General Fund*  
*For the Fiscal Year Ended June 30, 2016*

	Budgeted Amounts		Actual	Variance with Final Budget Over (Under)
	Original	Final		
Revenues and Other Financing Sources	\$ 37,447,822	\$ 39,220,590	\$ 39,222,304	\$ 1,714
Expenditures and Other Financing Uses	36,626,557	36,635,869	36,770,893	135,024
Net Change in Fund Balance	821,265	2,584,721	2,451,411	(133,310)
<i>Fund Balance Beginning of Year</i>	4,251,702	4,251,702	4,251,702	0
Prior Year Encumbrances Appropriated	431,116	431,116	431,116	0
<i>Fund Balance End of Year</i>	<u>\$ 5,504,083</u>	<u>\$ 7,267,539</u>	<u>\$ 7,134,229</u>	<u>\$ (133,310)</u>

See accompanying notes to the basic financial statements.

**Green Local School District**  
**Summit County, Ohio**  
*Statement of Fiduciary Net Position*  
*Fiduciary Funds*  
*June 30, 2016*

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	Private Purpose Trust	Agency
	<u>                    </u>	<u>                    </u>
<b>Assets</b>		
Equity in Pooled Cash and Cash Equivalents	\$ 2,669	\$ 192,762
	<u>                    </u>	<u>                    </u>
<b>Liabilities</b>		
Undistributed Monies	0	\$ 192,762
	<u>                    </u>	<u>                    </u>
<b>Net Position</b>		
Held in Trust for Scholarships	\$ 2,669	
	<u>                    </u>	

See accompanying notes to the basic financial statements.

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

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

See accompanying notes to the basic financial statements.

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

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**NOTE 1 – DESCRIPTION OF THE SCHOOL DISTRICT**

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

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

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

The School District is associated with two jointly governed organizations and one public entity risk pool. These organizations are the Northeast Ohio Network, the Interval Opportunity School and the Stark County Schools Council of Governments. These organizations are presented in Notes 17 and 18 to the basic financial statements.

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

**NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

**A. Basis of Presentation**

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

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

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

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

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

***B. Fund Accounting***

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

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

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

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

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

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

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

***C. Measurement Focus***

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

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

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

***D. Basis of Accounting***

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

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

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

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

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

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

In addition to liabilities, the statements of financial position report a separate section for deferred inflows of resources. Deferred inflows of resources represent an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. For the School District, deferred inflows of resources include property taxes, pension, and unavailable revenue. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2016, but which were levied to finance fiscal year 2017 operations. These amounts have been recorded as a deferred inflow on both the government-wide statement of net position and governmental fund financial statements. Unavailable revenue is reported only on the governmental funds balance sheet, and represents receivables which will not be collected within the available period. For the School District, unavailable revenue may include delinquent property taxes and intergovernmental grants. These amounts are deferred and recognized as an inflow of resources in the period the amounts become available. Deferred inflows of resources related to pension are reported on the government-wide statement of net position. (See Note 12).

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

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

**Green Local School District**  
**Summit County, Ohio**  
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***E. Cash and Cash Equivalents***

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

During fiscal year 2016, the School District had investments in a repurchase agreement. Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investments contracts such as overnight repurchase agreements are reported at cost.

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

Following Ohio statutes, the Board of Education has, by resolutions, identified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2016 amounted to \$6,312, which included \$2,210 assigned from other School District funds.

***F. Capital Assets***

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

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

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

Description	Governmental Activities Estimated Lives
Buildings and Improvements	40 Years
Furniture and Equipment	5 - 20 Years
Vehicles	10 Years

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***G. Compensated Absences***

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

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

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

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

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

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

***I. Pensions***

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

***J. Net Position***

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

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

***K. Fund Balance***

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

*Nonspendable* – The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or legally or contractually required to be maintained intact. The “not in spendable form” criterion includes items that are not expected to be converted to cash. It also includes the long-term amount of loans receivable, as well as property acquired for resale, unless the use of the proceeds from the collection of those receivables or from the sale of those properties is restricted, committed or assigned.

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

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

*Assigned* – Amounts in the assigned fund balance classification are intended to be used by the School District for specific purposes but do not meet the criteria to be classified as restricted or committed. In governmental funds other than the general fund, assigned fund balance represents the remaining amount that is not restricted or committed. In the general fund, assigned amounts represent intended uses established by policies of the School District Board of Education. The Board of Education has, by resolution, authorized the Treasurer to assign fund balance. The Board of Education may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year’s appropriated budget.

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

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

**Green Local School District**  
**Summit County, Ohio**  
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***L. Interfund Activity***

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

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

***M. Extraordinary and Special Items***

Extraordinary items are transactions or events that are both unusual in the nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2016.

***N. Estimates***

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

***O. Budgetary Data***

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

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

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

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

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

**NOTE 3 – FUND BALANCE**

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

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

	General Fund	Permanent Improvement Fund	Other Governmental Funds	Total
Restricted for:				
Debt Service	\$ 0	\$ 0	\$ 1,076,482	\$ 1,076,482
Capital Outlay	0	2,479,058	0	2,479,058
Extracurricular	0	0	22,382	22,382
Food Service	0	0	55,721	55,721
Other Purposes	0	0	185,586	185,586
Total Restricted	<u>0</u>	<u>2,479,058</u>	<u>1,340,171</u>	<u>3,819,229</u>
Assigned for:				
Encumbrances:				
Instruction	74,810	0	0	74,810
Support Services	158,691	0	0	158,691
Extracurricular	1,524	0	0	1,524
Subsequent Year Appropriations	51,323	0	0	51,323
Total Assigned	<u>286,348</u>	<u>0</u>	<u>0</u>	<u>286,348</u>
Unassigned (Deficit)	<u>7,080,921</u>	<u>0</u>	<u>(1,402)</u>	<u>7,079,519</u>
Total Fund Balance (Deficit)	<u>\$ 7,367,269</u>	<u>\$ 2,479,058</u>	<u>\$ 1,338,769</u>	<u>\$ 11,185,096</u>

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

	Fund Balance
Nonmajor Governmental Funds:	
Title I	1,402

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

**NOTE 4 – CHANGES IN ACCOUNTING PRINCIPLES**

For the fiscal year ended June 30, 2016, the School District has 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 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 5 – BUDGETARY BASIS OF ACCOUNTING**

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

1. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).

**Green Local School District**  
**Summit County, Ohio**  
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2. Expenditures are recorded when paid in cash (budget) as opposed to when the liability is incurred (GAAP).
3. Encumbrances are treated as expenditures (budget) rather than as an assignment or commitment of fund balance (GAAP).
4. Some funds are included in the general fund (GAAP), but have separate legally adopted budgets (budget).

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

**Net Change in Fund Balance**

GAAP Basis	\$	3,003,945
Net Adjustment for Revenue Accruals		(110,726)
Net Adjustment for Expenditure Accruals		(5,032)
Funds Budgeted Elsewhere **		45,440
Adjustment for Encumbrances		<u>(482,216)</u>
 Budget Basis	 \$	 <u>2,451,411</u>

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

**NOTE 6 – DEPOSITS AND INVESTMENTS**

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

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

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

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

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

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

1. United States Treasury notes, bills, bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and that the term of the agreement must not exceed 30 days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in items (1) or (2) above and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio and STAR Plus);
7. Certain banker's acceptance and commercial paper notes in an amount not to exceed 40 percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate notes interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

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.

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

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

**Deposits** At fiscal year end, the carrying amount of the School District’s deposits was \$4,161. Based on criteria described in GASB 40, *Deposits and Investments Risk Disclosure*, as of June 30, 2016, 100 percent of the bank balance of \$63,996 was covered by FDIC.

**Investments** As of June 30, 2016, the School District had the following investment:

S&P Global Rating	Investment Maturity	Measurement Amount	%	
			0 - 12 Months	Total Investments
N/A	Repurchase Agreement	\$10,915,000	\$10,915,000	100.00%

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

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

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

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

**NOTE 7 – PROPERTY TAXES**

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

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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 Summit County. The Fiscal Officer periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2016, are available to finance fiscal year 2016 operations. The amount available as an advance at June 30, 2016 in the general, debt service and permanent improvement funds was \$4,706,408, \$313,647, and \$648,924, respectively. The amount available for advance at June 30, 2015, in the general, debt service and permanent improvement funds was \$4,606,274, \$310,360, and \$631,241, respectively. The amount of second-half real property taxes available for advance at fiscal year-end can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and delinquent tangible personal property taxes which are measurable as of June 30, 2016 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources.

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

The assessed values upon which the fiscal year 2016 taxes were collected are:

	2015 Second Half Collections		2016 First Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$ 669,993,300	97.19%	\$ 675,528,930	96.99%
Public Utility Personal Property	19,374,200	2.81%	20,930,710	3.01%
	<u>\$ 689,367,500</u>	<u>100.00%</u>	<u>\$ 696,459,640</u>	<u>100.00%</u>
Tax rate per \$1,000 assessed valuation	<u>\$ 45.80</u>		<u>\$ 45.63</u>	

**Green Local School District**  
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**NOTE 8 - RECEIVABLES**

Receivables at June 30, 2016, consisted of taxes, interfund, and intergovernmental. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds.

**NOTE 9 – CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2016, was as follows:

	Balance 6/30/2015	Additions	Reductions	Balance 6/30/2016
<b>Governmental Activities</b>				
<i>Capital Assets, not Being Depreciated:</i>				
Land	\$ 1,031,143	\$ 0	\$ 0	\$ 1,031,143
Construction in Progress	242,352	325,689	(537,666)	30,375
Total Capital Assets, not being depreciated	<u>1,273,495</u>	<u>325,689</u>	<u>(537,666)</u>	<u>1,061,518</u>
<i>Capital Assets, Being Depreciated:</i>				
Buildings and Improvements	59,364,126	1,308,603	(744,096)	59,928,633
Furniture and equipment	4,945,883	239,437	0	5,185,320
Vehicles	3,374,893	0	0	3,374,893
Total Capital Assets, Being Depreciated	<u>67,684,902</u>	<u>1,548,040</u>	<u>(744,096)</u>	<u>68,488,846</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(25,424,954)	(1,542,899)	634,991	(26,332,862)
Furniture and Equipment	(4,131,388)	(124,387)	0	(4,255,775)
Vehicles	(2,441,166)	(119,642)	0	(2,560,808)
Total Accumulated Depreciation	<u>(31,997,508)</u>	<u>(1,786,928)</u>	<u>634,991</u>	<u>(33,149,445)</u>
Total Capital Assets Being Depreciated, Net	<u>35,687,394</u>	<u>(238,888)</u>	<u>(109,105)</u>	<u>35,339,401</u>
<i>Governmental Activities Capital Assets, Net</i>	<u>\$ 36,960,889</u>	<u>\$ 86,801</u>	<u>\$ (646,771)</u>	<u>\$ 36,400,919</u>

Depreciation expense was charged to governmental functions as follows:

<i>Governmental Activities:</i>	
Regular Instruction	\$ 1,108,550
Administration	48,446
Operation and Maintenance	287,283
Pupil Transportation	103,876
Central	2,885
Food Services	14,559
Extracurricular Activities	<u>221,329</u>
Total Depreciation	<u>\$ 1,786,928</u>

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**NOTE 10 – RISK MANAGEMENT**

***A. Liability Insurance***

The School District is exposed to various risks of loss related to torts; theft of, damage to or destruction of assets; errors and omissions; employee injuries; and, natural disasters. During fiscal year 2016, the School District contracted with Netherlands Insurance for property and inland marine, liability insurance, and fleet insurance. Insurance settlements have not exceeded insurance coverage in each of the past three years, nor has there been a significant reduction in coverage from the prior year.

Coverage provided by Netherlands is as follows:

Building and Contents - Replacement Cost (\$5,000 deductible)	\$ 118,852,805
Inland Marine Coverage (\$500 deductible)	2,055,488
Boiler and Machinery (\$1,000 deductible)	1,100,000
Crime Insurance	50,000
Automobile Liability	1,000,000
Uninsured Motorist - per accident	75,000
General Liability:	
Per Occurance	1,000,000
Total Per Year	2,000,000
Commercial Liability	5,000,000

***B. Fidelity Bonds***

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

***C. Workers' Compensation***

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

***D. Employee Health Insurance***

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

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**NOTE 11 – OTHER EMPLOYEE BENEFITS**

***Compensated Absences***

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

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

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

**NOTE 12 – DEFINED BENEFIT PENSION PLANS**

***Net Pension Liability***

The net pension liability reported on the statement of net position represents a liability to employees for pensions. Pensions are a component of exchange transactions—between an employer and its employees—of salaries and benefits for employee services. Pensions are provided to an employee—on a deferred-payment basis—as part of the total compensation package offered by an employer for employee services each financial period. The obligation to sacrifice resources for pensions is a present obligation because it was created as a result of employment exchanges that already have occurred.

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.

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

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

***Plan Description - School Employees Retirement System (SERS)***

Plan Description – School District non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS’ fiduciary net position. That report can be obtained by visiting the SERS website at [www.ohsers.org](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 years of service; 2.2 percent for the first thirty years of service and 2.5 percent for years of service credit over 30. Final average salary is the average of the highest three years of salary.

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

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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 \$843,537 for fiscal year 2016. Of this amount, \$84,753 is reported as an intergovernmental payable.

***Plan Description - State Teachers Retirement System (STRS)***

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

New members have a choice of three retirement plans; a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. Benefits are established by Ohio Revised Code Chapter 3307. The DB plan offers an annual retirement allowance based on final average salary multiplied by a percentage that varies based on years of service. Effective August 1, 2015, the calculation will be 2.2 percent of final average salary for the five highest years of earnings multiplied by all years of service. With certain exceptions, the basic benefit is increased each year by two percent of the original base benefit. For members retiring August 1, 2013, or later, the first two percent is paid on the fifth anniversary of the retirement benefit. Members are eligible to retire at age 60 with five years of qualifying service credit, or age 55 with 25 years of service, or 30 years of service regardless of age. Age and service requirements for retirement will increase effective August 1, 2015, and will continue to increase periodically until they reach age 60 with 35 years of service or age 65 with five years of service on August 1, 2026.

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

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.

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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.

The School District's contractually required contribution to STRS was \$2,528,937 for fiscal year 2016. Of this amount, \$455,519 is reported as an intergovernmental payable.

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

The net pension liability was measured as of June 30, 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 contributions of all participating entities. Following is information related to the proportionate share and pension expense:

	<u>STRS</u>	<u>SERS</u>	<u>Total</u>
Proportionate Share of the Net Pension Liability	\$ 45,131,288	\$ 9,987,187	\$ 55,118,475
Proportion of the Net Pension Liability	0.16329980%	0.17502660%	
Pension Expense	\$ 2,124,038	\$ 742,373	\$ 2,866,411

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At June 30, 2016, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>STRS</u>	<u>SERS</u>	<u>Total</u>
<b>Deferred Outflows of Resources</b>			
Differences between expected and actual experience	\$ 2,053,881	\$ 160,371	\$ 2,214,252
Changes in proportion and differences between School District contributions and proportionate share of contributions	460,530	60,434	520,964
School District contributions subsequent to the measurement date	<u>2,528,937</u>	<u>843,537</u>	<u>3,372,474</u>
<b>Total Deferred Outflows of Resources</b>	<b><u>\$ 5,043,348</u></b>	<b><u>\$ 1,064,342</u></b>	<b><u>\$ 6,107,690</u></b>
<b>Deferred Inflows of Resources</b>			
Net difference between projected and actual earnings on pension plan investments	<u>\$ 3,177,836</u>	<u>\$ 322,496</u>	<u>\$ 3,500,332</u>

\$3,372,474 reported as deferred outflows of resources related to pension resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the fiscal year ending June 30, 2017. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

	<u>STRS</u>	<u>SERS</u>	<u>Total</u>
Fiscal Year Ending June 30:			
2017	\$ (595,863)	\$ (98,205)	\$ (694,068)
2018	(595,863)	(98,205)	(694,068)
2019	(595,861)	(98,964)	(694,825)
2020	<u>1,124,162</u>	<u>193,683</u>	<u>1,317,845</u>
	<b><u>\$ (663,425)</u></b>	<b><u>\$ (101,691)</u></b>	<b><u>\$ (765,116)</u></b>

***Actuarial Assumptions - SERS***

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

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

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

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

Wage Inflation	3.25 percent
Future Salary Increases, including inflation	4.00 percent to 22.00 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

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

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

The long-term return expectation for the Pension Plan Investments has been determined using a building-block approach and assumes a time horizon, as defined in SERS' *Statement of Investment Policy*. A forecasted rate of inflation serves as the baseline for the return expectation. Various real return premiums over the baseline inflation rate have been established for each asset class. The long-term expected nominal rate of return has been determined by calculating a weighted average of the expected real return premiums for each asset class, adding the projected inflation rate, and adding the expected return from rebalancing uncorrelated asset classes. The target allocation and best estimates of arithmetic real rates of return for each major asset 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
	<u>100.00 %</u>	

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**Discount Rate** The total pension liability was calculated using the discount rate of 7.75 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earnings 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	\$ 13,848,640	\$ 9,987,187	\$ 6,735,526

***Changes between Measurement Date and Report Date***

In April 2016, the SERS Board adopted certain assumption changes which impacted their annual actuarial valuation prepared as of June 30, 2016. The most significant change is a reduction in the discount rate from 7.75 percent to 7.5 percent. Although the exact amount of these changes is not known, the impact to the Schools District's net pension liability is expected to be significant.

***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
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.

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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:

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

**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 payments to determine the total pension liability as of June 30, 2015.

**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	\$ 62,690,764	\$ 45,131,288	\$ 30,282,133

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**NOTE 13 – POSTEMPLOYMENT BENEFITS**

***A. School Employees Retirement System***

Health Care Plan Description - The School District contributes to the SERS Health Care Fund, administered by SERS for non-certificated retirees and their beneficiaries. For GASB 45 purposes, this plan is considered a cost-sharing, multiple-employer, defined benefit other postemployment benefit (OPEB) plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage, and traditional indemnity plans as well as a prescription drug program. The financial report of the Plan is included in the SERS Comprehensive Annual Financial Report which can be obtained on SERS' website at [www.ohsers.org](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 \$81,413, \$138,604 and \$99,489, respectively. For fiscal year 2016, 90 percent has been contributed, with the balance being reported as an intergovernmental payable. The full amount has been contributed for fiscal years 2015 and 2014.

***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.

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Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS 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 \$175,090, respectively. The full amount has been contributed for fiscal year 2014.

**NOTE 14- LONG TERM OBLIGATIONS**

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

	Outstanding 6/30/2015	Additions	Reductions	Outstanding 6/30/2016	Amounts Due in One Year
<i>Long Term Obligations:</i>					
<i>General Obligation Bonds:</i>					
2009 Bond Refunding					
2.0% - 5.0% - 6/09 - 12/19	\$ 7,165,000	\$ 0	\$ 1,330,000	\$ 5,835,000	\$ 1,375,000
Premium on Debt Issuance	170,143	0	34,029	136,114	0
Energy Conservation Improvement Bonds, Series 2014					
3.75% - 6/14 - 12/29	1,718,541	0	86,969	1,631,572	90,293
<i>Total General Obligation Bonds</i>	<u>9,053,684</u>	<u>0</u>	<u>1,450,998</u>	<u>7,602,686</u>	<u>1,465,293</u>
<i>Other Long Term Obligations:</i>					
Learning Center Obligation					
Learning Center - 2005					
2% to 5%, 6/05 - 12/32	6,710,902	0	296,407	6,414,495	303,613
<i>Total Long Term Obligations</i>	<u>15,764,586</u>	<u>0</u>	<u>1,747,405</u>	<u>14,017,181</u>	<u>1,768,906</u>
<i>Net Pension Liability:</i>					
STRS	39,230,395	5,900,893	0	45,131,288	0
SERS	8,788,884	1,198,303	0	9,987,187	0
<i>Total Net Pension Liability</i>	<u>48,019,279</u>	<u>7,099,196</u>	<u>0</u>	<u>55,118,475</u>	<u>0</u>
<i>Other Long-Term Obligations:</i>					
Unearned Revenue	11,844,108	0	439,703	11,404,405	455,186
Severance	75,000	0	75,000	0	0
Compensated Absences	2,036,322	437,610	358,078	2,115,854	129,053
Claim Settlement Payable	275,857	0	220,570	55,287	55,287
Capital Lease	368,112	0	118,859	249,253	122,663
<i>Total Other Long-Term Obligations</i>	<u>14,599,399</u>	<u>437,610</u>	<u>1,212,210</u>	<u>13,824,799</u>	<u>762,189</u>
<i>Total Governmental Activities</i>					
<i>Long-Term Liabilities</i>	<u>\$ 78,383,264</u>	<u>\$ 7,536,806</u>	<u>\$ 2,959,615</u>	<u>\$ 82,960,455</u>	<u>\$ 2,531,095</u>

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

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

On September 20, 2004, the School District entered into a Cooperative Agreement for a Community Learning Center with the City of Green (City). The City has issued bonds in anticipation of the tax revenue to pay the construction costs of two facilities, approximately \$25,000,000 in fiscal year 2005. The School District is responsible for constructing, maintaining, and insuring the facilities. While the School District will hold legal title to the facilities, the City will have an undivided ownership interest during the term of the agreement, 28 years. The City will also retain the right to use the facilities, in accordance with procedures established by the City, during the agreement term of 28 years. The City is responsible for the first \$1,000,000 in annual debt service, and the School District agrees to pay the remaining annual debt service. The City of Green refinanced this debt in fiscal year 2013 which reduced the interest rate and the amount due by the School District by \$255,144. The School District's portion of the total debt is now \$9,039,254. The School District has capitalized the total cost of the construction of the Learning Center. As a result of the City's contribution to the School District of \$15,482,500, along with the undivided interest terms stated above, the earnings process for the School District has not been completed. This process will occur over a 28 year period, which is the period of the agreement between to City and the School District. The unearned portion of the contribution has been recognized as a long-term obligation.

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

These refunding bonds were issued with a premium of \$374,317 which is reported as an increase to bonds payable. The amounts are being amortized to interest expense over the life of the bonds using the straight-line method. The issuance resulted in a difference between the cash flows required to service the old debt and the cash flows required to service the new debt of \$108,937. The amount of defeased debt at June 30, 2016, is \$6,130,000.

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

The claims settlement payable is related to a court settlement agreement entered into by the School District in August 2013. The agreement will require payments made during fiscal year 2016 in the amount of \$220,570. These will be made from the IDEA Part B Special Education fund.

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

Fiscal Year Ending June 30,	General Obligation Bonds		Learning Center Obligation		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2017	\$ 1,465,293	\$ 292,304	\$ 303,613	\$ 227,762	1,768,906	520,066
2018	1,518,744	236,290	312,451	219,324	1,831,195	455,614
2019	1,577,326	167,207	321,587	213,550	1,898,913	380,757
2020	1,656,046	87,613	328,707	206,843	1,984,753	294,456
2021	104,908	44,877	334,269	199,931	439,177	244,808
2022 - 2026	587,829	171,522	1,809,742	857,209	2,397,571	1,028,731
2027 - 2031	556,426	32,278	2,242,066	423,809	2,798,492	456,087
2032 - 2033	0	0	762,060	35,665	762,060	35,665
Total	<u>\$ 7,466,572</u>	<u>\$ 1,032,091</u>	<u>\$ 6,414,495</u>	<u>\$ 2,384,093</u>	<u>\$ 13,881,067</u>	<u>\$ 3,416,184</u>

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

**NOTE 15 – CAPITAL LEASES**

Capital lease obligations relate to equipment which is leased under a long-term agreement. The lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standard No. 13 *Accounting for Leases*. Capital lease payments in the governmental funds have been reclassified and are reflected as debt service in the basic financial statements for the general fund. The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2016.

Year	Amount
2017	\$ 130,639
2018	130,639
Total Minimum Lease Payments	261,278
Less Amount Representing Interest	12,025
Present Value of Minimum Lease Payments	\$ 249,253

The assets being acquired have been capitalized in the governmental activities in the amount of \$594,887, which is the present value of the minimum lease payments at the inception of each lease. Accumulated depreciation was \$260,263 as of June 30, 2016, leaving a current book value of \$334,624.

**NOTE 16 – INTERFUND TRANSACTIONS**

*Interfund Balances*

At June 30, 2016, the School District had the following interfund balances:

	Interfund Receivable	Interfund Payable
General Fund	\$ 102,308	\$ 0
Nonmajor Governmental Funds	0	102,308
Total	\$ 102,308	\$ 102,308

The primary purpose of the interfund balances is to cover costs in specific funds where revenues were not received by June 30, 2016. The outstanding advance is expected to be repaid once the anticipated revenues are received.

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

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**NOTE 17– JOINTLY GOVERNED ORGANIZATIONS**

***A. Northeast Ohio Network (NEOnet)***

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

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

The continued existence of NEOnet is not dependent on the School District’s continued participation and no equity interest exists. The School District made contributions in the amount of \$164,356 for fiscal year 2016.

***B. Interval Opportunity School***

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

**NOTE 18– PUBLIC ENTITY RISK POOL**

***Stark County Schools Council of Governments***

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

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

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**NOTE 19 – CONTINGENCIES AND SIGNIFICANT COMMITMENTS**

***A. Grants***

The School District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 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.

***C. School District Funding***

School district Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Effective for the 2014-2015 school year, traditional school districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the school districts, which can extend past the fiscal year end. As of the date of this report, ODE has not finalized the impact of enrollment adjustments to the June 30, 2015 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.

***D. Encumbrances***

Outstanding encumbrances for governmental funds include \$235,025 in the general fund, \$87,043 in the permanent improvement fund and \$134,772 in the non-major governmental funds.

**NOTE 20 – STATUTORY RESERVES**

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

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

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

	Capital Improvement Reserve
Set Aside Restricted Balance June 30, 2015	\$ 0
Current Year Set-Aside Requirement	705,669
Current Year Qualifying Expenditures	(2,813,716)
Total	<u>\$ (2,108,047)</u>
Balance Carried Forward to Fiscal Year 2017	<u>\$ 0</u>
Set Aside Balance June 30, 2016	<u>\$ 0</u>

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

**NOTE 21 – SUBSEQUENT EVENT**

The School District refunded the House Bill 264 bond during August 2016 and the 2009 Refunding bond in September 2016.

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>
<b><i>State Teachers Retirement System (STRS)</i></b>			
School District's Proportion of the Net Pension Liability	0.16329980%	0.16128624%	0.16128624%
School District's Proportionate Share of the Net Pension Liability	\$ 45,131,288	\$ 39,230,395	\$ 46,730,990
School District's Covered-Employee Payroll	\$ 17,427,243	\$ 18,855,815	\$ 16,613,108
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	258.97%	208.05%	281.29%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	72.10%	74.70%	69.30%
<b><i>School Employees Retirement System (SERS)</i></b>			
School District's Proportion of the Net Pension Liability	0.17502660%	0.17366100%	0.17366100%
School District's Proportionate Share of the Net Pension Liability	\$ 9,987,187	\$ 8,788,884	\$ 10,327,062
School District's Covered-Employee Payroll	\$ 6,024,568	\$ 5,933,939	\$ 5,918,223
School District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	165.77%	148.11%	174.50%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	69.16%	71.70%	65.52%

(1) Information prior to 2014 is not available.

Note: Amounts presented for each fiscal year were determined as of the School District's measurement date, which is the prior fiscal year end.

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

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b><i>State Teachers Retirement System (STRS)</i></b>				
Contractually Required Contribution	\$ 2,528,937	\$ 2,439,814	\$ 2,451,256	\$ 2,159,704
Contributions in Relation to the Contractually Required Contribution	<u>(2,528,937)</u>	<u>(2,439,814)</u>	<u>(2,451,256)</u>	<u>(2,159,704)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
School District's Covered-Employee Payroll	\$ 18,063,836	\$ 17,427,243	\$ 18,855,815	\$ 16,613,108
Contributions as a Percentage of Covered-Employee Payroll	14.00%	14.00%	13.00%	13.00%
 <b><i>School Employees Retirement System (SERS)</i></b>				
Contractually Required Contribution	\$ 843,537	\$ 794,038	\$ 822,444	\$ 819,082
Contributions in Relation to the Contractually Required Contribution	<u>(843,537)</u>	<u>(794,038)</u>	<u>(822,444)</u>	<u>(819,082)</u>
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
School District's Covered-Employee Payroll	\$ 6,025,264	\$ 6,024,568	\$ 5,933,939	\$ 5,918,223
Contributions as a Percentage of Covered-Employee Payroll	14.00%	13.18%	13.86%	13.84%

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

<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>
\$ 2,044,985	\$ 2,119,683	\$ 2,258,262	\$ 2,389,006	\$ 2,107,969	\$ 2,024,491
<u>(2,044,985)</u>	<u>(2,119,683)</u>	<u>(2,258,262)</u>	<u>(2,389,006)</u>	<u>(2,107,969)</u>	<u>(2,024,491)</u>
<u>\$ 0</u>					
\$ 15,730,654	\$ 16,305,254	\$ 17,371,246	\$ 18,376,969	\$ 16,215,146	\$ 15,573,008
13.00%	13.00%	13.00%	13.00%	13.00%	13.00%
\$ 806,378	\$ 847,829	\$ 805,960	\$ 626,703	\$ 584,187	n/a
<u>(806,378)</u>	<u>(847,829)</u>	<u>(805,960)</u>	<u>(626,703)</u>	<u>(584,187)</u>	n/a
<u>\$ 0</u>	n/a				
\$ 5,995,375	\$ 6,744,861	\$ 5,952,437	\$ 6,368,933	\$ 5,948,951	n/a
13.45%	12.57%	13.54%	9.84%	9.82%	n/a

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**GREEN LOCAL SCHOOL DISTRICT  
SUMMIT COUNTY**

**SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2016**

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Grant Year	Federal CFDA Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>						
<i>Passed Through the Ohio Department of Education:</i>						
Child Nutrition Cluster:						
National School Lunch Program	2016	10.555	\$318,218	\$83,631	\$318,218	\$83,631
School Breakfast Program	2016	10.553	<u>46,390</u>	<u>-</u>	<u>46,390</u>	<u>-</u>
Total U.S. Department of Agriculture			<u>364,608</u>	<u>83,631</u>	<u>364,608</u>	<u>83,631</u>
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>						
<i>Passed Through the Ohio Department of Education:</i>						
Special Education Cluster:						
Special Education - Grants to States	2015	84.027	28,779	-	57,755	-
Special Education - Grants to States	2016	84.027	606,321	-	628,325	-
Special Education - Preschool Grants (IDEA Preschool)	2016	84.173	<u>10,445</u>	<u>-</u>	<u>10,445</u>	<u>-</u>
Total Special Education Cluster			645,545	-	696,525	-
Title I Grants to Local Educational Agencies	2015	84.010	85,574		58,899	
Title I Grants to Local Educational Agencies	2016	84.010	<u>306,503</u>		<u>371,365</u>	
			392,077	-	430,264	-
Improving Teacher Quality State Grants	2015	84.367	8,406	-	8,066	-
Improving Teacher Quality State Grants	2016	84.367	<u>49,059</u>	<u>-</u>	<u>62,289</u>	<u>-</u>
			57,465	-	70,355	-
<b>Total U.S. Department of Education</b>			<u>1,095,087</u>	<u>-</u>	<u>1,197,144</u>	<u>-</u>
<b>Totals</b>			<u>\$1,459,695</u>	<u>\$83,631</u>	<u>\$1,561,752</u>	<u>\$83,631</u>

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

**GREEN LOCAL SCHOOL DISTRICT  
SUMMIT COUNTY**

**NOTES TO THE SCHEDULE OF RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS  
2 CFR 200.510(b)(6)  
FOR THE YEAR ENDED JUNE 30, 2016**

**NOTE A – BASIS OF PRESENTATION**

The accompanying Schedule of Receipts and Expenditures of Federal Awards (the Schedule) includes the federal award activity of Green Local School District (the District's) under programs of the federal government for the year ended June 30, 2016. The information on this Schedule is prepared in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the District, it is not intended to and does not present the financial position, changes in net position, or cash flows of the District.

**NOTE B – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Expenditures reported on the Schedule are reported on the cash basis of accounting. Such expenditures are recognized following, as applicable, either the cost principles contained in OMB Circular A-87 *Cost Principles for State, Local, and Indian Tribal Governments* (codified in 2 CFR Part 225), or the cost principles contained in Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, wherein certain types of expenditures may or may not be allowable or may be limited as to reimbursement. The District has elected not to use the 10-percent de minimis indirect cost rate as allowed under the Uniform Guidance.

**NOTE C - CHILD NUTRITION CLUSTER**

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

**NOTE D – FOOD DONATION PROGRAM**

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



# Dave Yost • Auditor of State

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

Green Local School District  
Summit County  
1755 Town Park Boulevard  
PO Box 218  
Green, Ohio 44232

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Green Local School District, Summit County, (the District) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated March 14, 2017.

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

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

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

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

***Compliance and Other Matters***

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

***Purpose of this Report***

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

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

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

March 14, 2017



# Dave Yost • Auditor of State

## INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO THE MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

Green Local School District  
Summit County  
1755 Town Park Boulevard  
PO Box 218  
Green, Ohio 44232

To the Board of Education:

### ***Report on Compliance for the Major Federal Program***

We have audited the Green Local School District's (the District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect the Green Local School District's major federal program for the year ended June 30, 2016. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the District's major federal program.

### ***Management's Responsibility***

The District's Management is responsible for complying with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal program.

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

Our responsibility is to opine on the District's compliance for the District's major federal program based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

***Opinion on the Major Federal Program***

In our opinion, the Green Local School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affects its major federal program for the year ended June 30, 2016.

***Report on Internal Control Over Compliance***

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

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

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

This report only describes the scope of our internal control over compliance tests and the results of this testing based on Uniform Guidance requirements. Accordingly, this report is not suitable for any other purpose.



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

March 14, 2017

**GREEN LOCAL SCHOOL DISTRICT  
SUMMIT COUNTY**

**SCHEDULE OF FINDINGS  
2 CFR § 200.515  
JUNE 30, 2016**

**1. SUMMARY OF AUDITOR'S RESULTS**

<i>(d)(1)(i)</i>	<b>Type of Financial Statement Opinion</b>	Unmodified
<i>(d)(1)(ii)</i>	<b>Were there any material weaknesses in internal control reported at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(ii)</i>	<b>Were there any significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(iii)</i>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	No
<i>(d)(1)(iv)</i>	<b>Were there any material internal control weaknesses reported for major federal programs?</b>	No
<i>(d)(1)(iv)</i>	<b>Were there any significant deficiencies in internal control reported for major federal programs?</b>	No
<i>(d)(1)(v)</i>	<b>Type of Major Programs' Compliance Opinion</b>	Unmodified
<i>(d)(1)(vi)</i>	<b>Are there any reportable findings under 2 CFR §200.516(a)?</b>	No
<i>(d)(1)(vii)</i>	<b>Major Programs (list):</b>	Special Education Cluster
<i>(d)(1)(viii)</i>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$ 750,000 Type B: all others
<i>(d)(1)(ix)</i>	<b>Low Risk Auditee under 2 CFR §200.520?</b>	Yes

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

None

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None

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# Dave Yost • Auditor of State

**GREEN LOCAL SCHOOL DISTRICT**

**SUMMIT COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
MARCH 23, 2017**