



Dave Yost • Auditor of State

**GREENON LOCAL SCHOOL DISTRICT
CLARK COUNTY
JUNE 30, 2017**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Prepared by Management:	
Management's Discussion and Analysis	5
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position – June 30, 2017	15
Statement of Activities – For the Fiscal Year Ended June 30, 2017.....	16
Fund Financial Statements:	
Balance Sheet	
Governmental Funds – June 30, 2017	17
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities – June 30, 2017	18
Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds – For the Fiscal Year Ended June 30, 2017.....	19
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, 2017.....	20
Statement of Fiduciary Net Position	
Fiduciary Funds – June 30, 2017	21
Statement of Changes in Fiduciary Net Position	
Fiduciary Fund – For the Fiscal Year Ended June 30, 2017.....	22
Notes to the Basic Financial Statements – For the Fiscal Year Ended June 30, 2017.....	23

**GREENON LOCAL SCHOOL DISTRICT
CLARK COUNTY
JUNE 30, 2017**

**TABLE OF CONTENTS
(Continued)**

TITLE	PAGE
Required Supplementary Information:	
Schedule of the District's Proportionate Share of the Net Pension Liability – State Teachers Retirement System of Ohio	57
Schedule of the District's Proportionate Share of the Net Pension Liability – School Employees Retirement System of Ohio	58
Schedule of District Contributions – State Teachers Retirement System of Ohio.....	59
Schedule of District Contributions – School Employees Retirement System of Ohio	60
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual (Non-GAAP Budgetary Basis) – For the Fiscal Year Ended June 30, 2017.....	61
Notes to the Required Supplementary Information – For the Fiscal Year Ended June 30, 2017	62
Schedule of Expenditures of Federal Awards - For the Fiscal Year Ended June 30, 2017	65
Notes to the Schedule of Expenditures of Federal Awards	66
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	67
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.....	69
Schedule of Findings	71
Prepared by Management:	
Summary Schedule of Prior Audit Findings	72



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

Greenon Local School District
Clark County
500 South Xenia Drive
Enon, Ohio 45323

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 the Greenon Local School District, Clark County, Ohio (the District), as of and for the fiscal year ended June 30, 2017, 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 Districts 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 such 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 the Greenon Local School District, Clark County, Ohio, as of June 30, 2017, and the respective changes in financial position thereof for the fiscal 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, required budgetary comparison schedule 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 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 relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this information to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this information 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 information 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 20, 2018, 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 20, 2018

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Greenon Local School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited)

The discussion and analysis of Greenon Local School District's financial performance provides an overall review of the District's financial activities for the fiscal year ended June 30, 2017. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the District's performance.

Financial Highlights

Key financial highlights for 2017 are as follows:

- Net position of governmental activities increased \$466,293 which represents a 4% increase from 2016.
- General revenues accounted for \$15,524,977 in revenue or 82% of all revenues. Program specific revenues in the form of charges for services and sales, grants and contributions accounted for \$3,361,888 or 18% of total revenues of \$18,886,865.
- The District had \$18,420,572 in expenses related to governmental activities; \$3,361,888 of these expenses were offset by program specific charges for services, grants or contributions. General revenues of \$15,524,977 were also used to provide for these programs.

Overview of the Financial Statements

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

The *Government-wide Financial Statements* provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. *Fund financial statements* provide 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 District's most significant funds with all other nonmajor funds presented in total in one column. The General Fund and Permanent Improvement Fund are the major funds of the District.

Government-Wide Financial Statements

While this document contains the large number of funds used by the District to provide programs and activities, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2017?" The Government-wide Financial Statements answer this question. These statements include *all assets and deferred outflows of resources and 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.

Greenon Local School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited)

The Statement of Net Position and Statement of Activities report the District's net position and changes in net position. This change in net position is important because it tells the reader that, for the District as a whole, the financial position has improved or diminished. The causes of this change may be the result of many factors, both financial and non-financial. Non-financial factors include the District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs and other factors.

In the Government-wide Financial Statements, the overall financial position of the District is presented as Governmental Activities – All of the District's programs and services are reported as Governmental Activities including instruction, support services, operation of noninstructional services, extracurricular activities, and interest and fiscal charges.

Fund Financial Statements

The analysis of the District's major funds are presented in the Fund Financial Statements. Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds.

Governmental Funds Most of the 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 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.

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

The District as a Whole

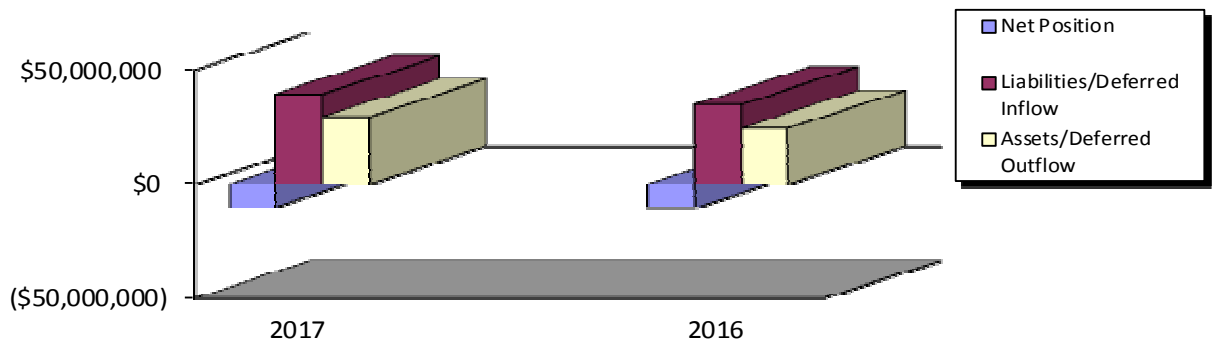
As stated previously, the Statement of Net Position looks at the District as a whole. Table 1 provides a summary of the District's net position for 2017 compared to 2016:

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Greenon Local School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited)

Table 1
Net Position

	Governmental Activities	
	2017	2016
Assets:		
Current and Other Assets	\$16,618,758	\$15,228,565
Capital Assets	7,299,719	7,136,212
Total Assets	23,918,477	22,364,777
Deferred Outflows of Resources:		
Pension	5,566,866	2,109,422
Total Deferred Outflows of Resources	5,566,866	2,109,422
Liabilities:		
Other Liabilities	1,836,676	1,690,428
Long-Term Liabilities	28,512,330	22,854,155
Total Liabilities	30,349,006	24,544,583
Deferred Inflows of Resources:		
Property Taxes	7,808,962	7,358,718
Pension	1,265,393	2,975,209
Total Deferred Inflows of Resources	9,074,355	10,333,927
Net Position:		
Net Investment in Capital Assets	6,784,036	6,531,026
Restricted	1,266,950	1,343,762
Unrestricted	(17,989,004)	(18,279,099)
Total Net Position	(\$9,938,018)	(\$10,404,311)



Greenon Local School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited)

Over time, net position can serve as a useful indicator of a government's financial position. At June 30, 2017, the District's liabilities and deferred inflows exceeded assets and deferred outflows by \$(9,938,018).

At year-end, capital assets represented 31% of total assets. Capital assets include land, buildings and improvements, vehicles, furniture, equipment, and infrastructure. Net investment in capital assets at June 30, 2017, was \$6,784,036. These capital assets are used to provide services to the students and are not available for future spending. Although the 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 District's net position, \$1,266,950 represents resources that are subject to external restriction on how they must be used. The external restriction will not affect the availability of fund resources for future use.

Total assets increased from the prior year mainly due to an increase in pooled cash and investments. Long-term liabilities increased due to an increase in the net pension liability.

Table 2 shows the changes in net position for fiscal years 2017 and 2016.

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Greenon Local School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited)

Table 2
Changes in Net Position

	Governmental Activities	
	2017	2016
Revenues:		
Program Revenues		
Charges for Services	\$1,360,495	\$1,429,498
Operating Grants, Contributions	2,001,393	1,724,612
General Revenues:		
Property Taxes	8,293,899	7,531,039
Grants and Entitlements	6,773,096	6,974,396
Investment Earnings	32,238	60,749
Other	425,744	253,618
Total Revenues	<u>18,886,865</u>	<u>17,973,912</u>
Program Expenses:		
Instruction	11,410,205	9,591,666
Support Services:		
Pupil and Instructional Staff	1,257,553	1,022,047
School Administration, General		
Administration, Fiscal and Business	1,893,646	1,701,568
Operations and Maintenance	1,158,182	1,114,045
Pupil Transportation	1,036,625	1,161,808
Central	155,476	213,118
Operation of Non-Instructional Services	788,921	750,508
Extracurricular Activities	711,004	557,490
Interest and Fiscal Charges	8,960	8,924
Total Program Expenses	<u>18,420,572</u>	<u>16,121,174</u>
Change in Net Position	466,293	1,852,738
Net Position - Beginning of Year	<u>(10,404,311)</u>	<u>(12,257,049)</u>
Net Position - End of Year	<u>(\$9,938,018)</u>	<u>(\$10,404,311)</u>

The District revenues are mainly from two sources. Property taxes levied for general and capital projects purposes and grants and entitlements comprised 80% of the District's revenues for governmental activities.

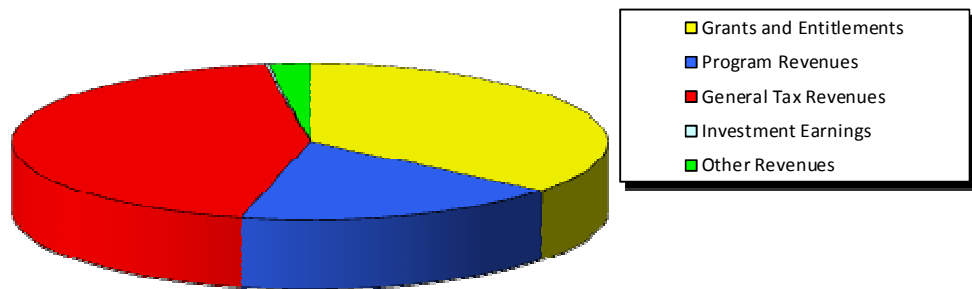
The District depends greatly on property taxes as a revenue source. The unique nature of property taxes in Ohio creates the need to routinely seek voter approval for operating funds. The overall revenues generated by a levy will not increase solely as a result of inflation. As an example, a homeowner 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 were 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.

Greenon Local School District, Ohio
Management’s Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited)

Thus Ohio districts dependent upon property taxes are 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 44% of revenue for governmental activities for the District in fiscal year 2017.

Governmental Activities
Revenue Sources

	<u>2017</u>	<u>Percentage</u>
Grants and Entitlements	\$6,773,096	35.9%
Program Revenues	3,361,888	17.8%
General Tax Revenues	8,293,899	43.9%
Investment Earnings	32,238	0.2%
Other Revenues	425,744	2.2%
Total Revenue Sources	<u>\$18,886,865</u>	<u>100.00%</u>



Instruction comprises 62% of governmental program expenses. Support services expenses were 30% of governmental program expenses. All other expenses including interest expense were 8%. Interest expense was attributable to the outstanding loan and borrowing for capital projects.

The District’s overall financial position improved from 2016 to 2017. Program revenues increased slightly from the prior year due to an increase in operating grants and contributions. General revenues increased due to an increase in property tax monies received. Program expenses increased from the prior year due to an increase in instruction expenses.

Governmental Activities

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows, for government activities, the total cost of services and the net cost of services. These services are mainly supported by tax revenue and unrestricted State entitlements.

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Greenon Local School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited)

Table 3
Governmental Activities

	Total Cost of Services		Net Cost of Services	
	2017	2016	2017	2016
Instruction	\$11,410,205	\$9,591,666	(\$9,005,639)	(\$7,342,588)
Support Services:				
Pupil and Instructional Staff	1,257,553	1,022,047	(1,257,553)	(1,022,047)
School Administration, General				
Administration, Fiscal and Business	1,893,646	1,701,568	(1,893,646)	(1,700,439)
Operations and Maintenance	1,158,182	1,114,045	(1,158,182)	(1,114,045)
Pupil Transportation	1,036,625	1,161,808	(1,020,698)	(1,145,649)
Central	155,476	213,118	(148,276)	(207,855)
Operation of Non-Instructional Services	788,921	750,508	(65,597)	(66,374)
Extracurricular Activities	711,004	557,490	(500,133)	(359,143)
Interest and Fiscal Charges	8,960	8,924	(8,960)	(8,924)
Total Expenses	<u>\$18,420,572</u>	<u>\$16,121,174</u>	<u>(\$15,058,684)</u>	<u>(\$12,967,064)</u>

The District's Funds

The District has two major governmental funds: the General Fund and Permanent Improvement Fund. Assets of the General Fund comprised \$14,719,062 (88%) and the Permanent Improvement Fund comprised \$1,691,280 (10%) of the total \$16,783,135 governmental funds' assets.

General Fund: Fund balance at June 30, 2017 was \$5,447,560 including \$5,216,843 of unassigned balance. The District had an increase in fund balance of \$895,815. This increase was primarily due to the District carefully managing revenues and expenditures for the fund.

Permanent Improvement Fund: Fund balance at June 30, 2017 was \$994,078 with a decrease in fund balance of \$140,997. The decrease in fund balance is due to total expenditures for the year exceeding total revenues for 2017.

General Fund Budgeting Highlights

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

The District uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management. During the course of the year, the District revised the Budget in an attempt to deal with unexpected changes in revenues and expenditures.

For the General Fund, final budget basis revenue was \$16,118,576, unchanged from original budget estimates of \$16,118,576, while the actual revenue had a difference of \$307,725 from the final budget basis revenues due to the underestimation of taxes and intergovernmental revenue.

Greenon Local School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited)

The District's unobligated cash balance for the General Fund was \$5,493,123.

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2017, the District had \$7,299,719 invested in land, buildings and improvements, vehicles, furniture, equipment and infrastructure. Table 4 shows fiscal year 2017 balances compared to fiscal year 2016:

Table 4
Capital Assets at Year End
(Net of Depreciation)

	<u>Governmental Activities</u>	
	<u>2017</u>	<u>2016</u>
Land	\$84,740	\$84,740
Buildings and Improvements	5,026,335	4,880,372
Vehicles, Furniture, and Equipment	2,128,521	2,106,438
Infrastructure	<u>60,123</u>	<u>64,662</u>
Total Net Capital Assets	<u><u>\$7,299,719</u></u>	<u><u>\$7,136,212</u></u>

Total Net Capital Assets increased in 2017 as compared to 2016 because depreciation expense was less than current year additions. See Note 8 to the Basic Financial Statements for further details on the District's capital assets.

Debt

At June 30, 2017, the District had \$515,683 in debt and capital leases outstanding, \$92,201 due within one year. Table 5 summarizes total debt outstanding.

Table 5
Outstanding Debt at Year End

	<u>2017</u>	<u>2016</u>
Outstanding Debt:		
2016 Energy Loan	\$457,783	\$503,496
Capital lease obligations	<u>57,900</u>	<u>101,690</u>
Total Outstanding Debt at Year End	<u><u>\$515,683</u></u>	<u><u>\$605,186</u></u>

See Note 13 to the Basic Financial Statements for further details on the District's obligations.

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**Greenon Local School District, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2017
(Unaudited)**

For the Future

Local Funding

Due to declining enrollment; aged and inadequate facilities; and due to the need to achieve operational efficiencies, the School District was seeking to construct two new facilities in a partnership with the Ohio School Facilities Commission (OFCC): a PK-6 elementary/primary building, and a 7-12 Jr. High/ High School. The School District has plans to consolidate from four existing buildings to two grade level buildings. School District leadership believes this is a strategically sound move that would have put the School District on a firm financial foundation for years to come. In fiscal year 2018, the District passed a building OFCC bond for a total project cost of \$50,643,442.

In November of 2015, the School District renewed an existing emergency levy of \$500K that passed by a 65/35% margin. This has assisted in stabilizing the District after passing new monies in November of 2014. The District is proud of its community support of our public schools.

The District's Administration is constantly exploring ways to eliminate/reduce future deficits. Greenon has shared services with its Treasurer Position since fiscal year 2012. The District also shares Special Education Supervisor, Psychological Services and most recently mechanical service with Southeastern Local.

State Funding

As discussed earlier, declining enrollment has been an impetus to move from four buildings to three. The declining enrollment is also affecting state funding. As it moves forward the next few fiscal years, the School District will be on the state guarantee – that is, due to declining enrollment, each year's state funding will be a guaranteed percentage of the prior year. For this reason, state funding will be at best stagnant, with the potential for a slight decline. Additionally, the School District lost about \$375,000 in Ed Jobs funding after fiscal year 2012. Combined with a loss in tangible personal property reimbursements of about \$475,000 over the 2011 and 2012 fiscal years, the School District faces significant challenges with state funding as it moves forward.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Treasurer at Greenon Local School District, 500 South Xenia Drive, Enon, Ohio 45323.

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Greenon Local School District, Clark County, Ohio
Statement of Net Position
June 30, 2017

	Governmental Activities
Assets:	
Equity in Pooled Cash and Investments	\$7,052,489
Cash in Segregated Accounts	220
Receivables (Net):	
Taxes	9,414,516
Accounts	30,926
Intergovernmental	107,965
Inventory	12,642
Nondepreciable Capital Assets	84,740
Depreciable Capital Assets, Net	<u>7,214,979</u>
 Total Assets	 <u>23,918,477</u>
Deferred Outflows of Resources:	
Pension	<u>5,566,866</u>
 Total Deferred Outflows of Resources	 <u>5,566,866</u>
Liabilities:	
Accounts Payable	46,361
Accrued Wages and Benefits	1,789,942
Accrued Interest Payable	373
Long-Term Liabilities:	
Due Within One Year	184,678
Due In More Than One Year:	
Net Pension Liability	27,177,969
Other Amounts	<u>1,149,683</u>
 Total Liabilities	 <u>30,349,006</u>
Deferred Inflows of Resources:	
Property Taxes	7,808,962
Pension	<u>1,265,393</u>
 Total Deferred Inflows of Resources	 <u>9,074,355</u>
Net Position:	
Net Investment in Capital Assets	6,784,036
Restricted for:	
Capital Projects	1,020,722
Extracurricular	108,413
State Grants	44,207
Other Purposes	93,608
Unrestricted	<u>(17,989,004)</u>
 Total Net Position	 <u>(\$9,938,018)</u>

See accompanying notes to the basic financial statements.

Greenon Local School District, Clark County, Ohio
Statement of Activities
For the Fiscal Year Ended June 30, 2017

	Expenses	Program Revenues		Net (Expense) Revenue
		Charges for Services and Sales	Operating Grants and Contributions	and Changes in Net Position Governmental Activities
Governmental Activities:				
Instruction:				
Regular	\$7,817,012	\$722,010	\$105,844	(\$6,989,158)
Special	2,588,907	82,842	1,308,268	(1,197,797)
Vocational	165,967	0	89,693	(76,274)
Other	838,319	9,019	86,890	(742,410)
Support Services:				
Pupil	950,791	0	0	(950,791)
Instructional Staff	306,762	0	0	(306,762)
General Administration	153,213	0	0	(153,213)
School Administration	1,209,134	0	0	(1,209,134)
Fiscal	421,805	0	0	(421,805)
Business	109,494	0	0	(109,494)
Operations and Maintenance	1,158,182	0	0	(1,158,182)
Pupil Transportation	1,036,625	0	15,927	(1,020,698)
Central	155,476	0	7,200	(148,276)
Operation of Non-Instructional Services	788,921	335,753	387,571	(65,597)
Extracurricular Activities	711,004	210,871	0	(500,133)
Interest and Fiscal Charges	8,960	0	0	(8,960)
Total Governmental Activities	18,420,572	1,360,495	2,001,393	(15,058,684)

General Revenues:	
Property Taxes Levied for:	
General Purposes	7,627,925
Capital Projects Purposes	665,974
Grants and Entitlements, Not Restricted	6,773,096
Unrestricted Contributions	37,229
Investment Earnings	32,238
Other Revenues	388,515
Total General Revenues	15,524,977
Change in Net Position	466,293
Net Position - Beginning of Year	(10,404,311)
Net Position - End of Year	(\$9,938,018)

See accompanying notes to the basic financial statements.

Greenon Local School District, Clark County, Ohio

Balance Sheet

Governmental Funds

June 30, 2017

	General	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Assets:				
Equity in Pooled Cash and Investments	\$5,865,656	\$937,362	\$249,471	\$7,052,489
Cash in Segregated Accounts	0	0	220	220
Receivables (Net):				
Taxes	8,660,848	753,668	0	9,414,516
Accounts	28,181	250	2,495	30,926
Intergovernmental	0	0	107,965	107,965
Interfund	164,377	0	0	164,377
Inventory	0	0	12,642	12,642
Total Assets	14,719,062	1,691,280	372,793	16,783,135
Liabilities:				
Accounts Payable	31,716	3,990	10,655	46,361
Accrued Wages and Benefits	1,622,754	14,380	152,808	1,789,942
Compensated Absences	70,222	0	0	70,222
Interfund Payable	0	0	164,377	164,377
Total Liabilities	1,724,692	18,370	327,840	2,070,902
Deferred Inflows of Resources:				
Property Taxes	7,546,810	678,832	0	8,225,642
Grants and Other Taxes	0	0	107,965	107,965
Total Deferred Inflows of Resources	7,546,810	678,832	107,965	8,333,607
Fund Balances:				
Restricted	0	994,078	124,458	1,118,536
Committed	0	0	90,242	90,242
Assigned	230,717	0	0	230,717
Unassigned	5,216,843	0	(277,712)	4,939,131
Total Fund Balances	5,447,560	994,078	(63,012)	6,378,626
Total Liabilities, Deferred Inflows and Fund Balances	\$14,719,062	\$1,691,280	\$372,793	\$16,783,135

See accompanying notes to the basic financial statements.

Greenon Local School District, Clark County, Ohio
 Reconciliation of Total Governmental Fund Balances to
 Net Position of Governmental Activities
 June 30, 2017

Total Governmental Fund Balance \$6,378,626

Amounts reported for governmental activities in the
 statement of net position are different because:

Capital assets used in governmental activities are not financial
 resources and, therefore, are not reported in the funds.

Capital assets used in the operation of Governmental Funds 7,299,719

Other long-term assets are not available to pay for current-
 period expenditures and, therefore, are deferred in the funds.

Property Taxes	416,680	
Intergovernmental	<u>107,965</u>	
		524,645

In the statement of net position interest payable is accrued when
 incurred; whereas, in the governmental funds interest is
 reported as a liability only when it will require the use of
 current financial resources. (373)

Some liabilities reported in the statement of net position do not
 require the use of current financial resources and, therefore,
 are not reported as liabilities in governmental funds.

Compensated Absences (748,456)

Deferred outflows and inflows of resources related to pensions
 are applicable to future periods and, therefore, are not
 reported in the funds.

Deferred outflows of resources related to pensions	5,566,866	
Deferred inflows of resources related to pensions	<u>(1,265,393)</u>	
		4,301,473

Long-term liabilities are not due and payable in the current
 period and, therefore, are not reported in the funds.

Net Pension Liability	(27,177,969)	
Other Amounts	<u>(515,683)</u>	
		<u>(27,693,652)</u>

Net Position of Governmental Activities (\$9,938,018)

See accompanying notes to the basic financial statements.

Greenon Local School District, Clark County, Ohio
Statement of Revenues, Expenditures
and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2017

	General	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Revenues:				
Property and Other Taxes	\$7,638,945	\$666,260	\$0	\$8,305,205
Tuition and Fees	659,566	0	0	659,566
Investment Earnings	24,105	8,133	0	32,238
Intergovernmental	7,585,135	110,937	1,058,401	8,754,473
Extracurricular Activities	79,182	0	189,883	269,065
Charges for Services	99,860	0	335,753	435,613
Other Revenues	314,114	5,500	102,393	422,007
Total Revenues	16,400,907	790,830	1,686,430	18,878,167
Expenditures:				
Current:				
Instruction:				
Regular	7,431,063	83,086	40,459	7,554,608
Special	1,897,886	6,174	615,967	2,520,027
Vocational	158,297	0	3,954	162,251
Other	837,453	0	299	837,752
Support Services:				
Pupil	937,120	855	1,995	939,970
Instructional Staff	298,344	15,075	0	313,419
General Administration	137,471	0	14,250	151,721
School Administration	1,124,955	1,426	0	1,126,381
Fiscal	388,242	13,497	0	401,739
Business	108,002	0	0	108,002
Operations and Maintenance	866,434	260,340	0	1,126,774
Pupil Transportation	878,275	240,912	0	1,119,187
Central	96,114	17,115	7,200	120,429
Operation of Non-Instructional Services	0	0	765,577	765,577
Extracurricular Activities	345,436	124,367	186,770	656,573
Capital Outlay	0	70,467	0	70,467
Debt Service:				
Principal Retirement	0	89,503	0	89,503
Interest and Fiscal Charges	0	9,010	0	9,010
Total Expenditures	15,505,092	931,827	1,636,471	18,073,390
Net Change in Fund Balance	895,815	(140,997)	49,959	804,777
Fund Balance - Beginning of Year	4,551,745	1,135,075	(112,971)	5,573,849
Fund Balance - End of Year	\$5,447,560	\$994,078	(\$63,012)	\$6,378,626

See accompanying notes to the basic financial statements.

Greenon Local School District, Clark 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, 2017

Net Change in Fund Balance - Total Governmental Funds \$804,777

Amounts reported for governmental activities in the
 statement of activities are different because:

Governmental funds report capital asset additions as expenditures.
 However, in the statement of activities, the cost of those assets is
 allocated over their estimated useful lives as depreciation
 expense. This is the amount of the difference between capital
 asset additions and depreciation in the current period.

Capital assets used in governmental activities	405,932	
Depreciation Expense	<u>(242,425)</u>	163,507

Governmental funds report district pension contributions as
 expenditures. However in the Statement of Activities, the cost
 of pension benefits earned net of employee contributions is
 reported as pension expense.

District pension contributions	1,345,702	
Cost of benefits earned net of employee contributions	<u>(1,842,914)</u>	(497,212)

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

Delinquent Property Taxes	(11,306)	
Intergovernmental	<u>20,004</u>	8,698

Repayment of debt principal is an expenditure
 in the governmental funds, but the repayment reduces long-term
 liabilities in the statement of net position.

89,503

In the statement of activities interest expense is accrued when incurred;
 whereas, in governmental funds an interest expenditure is reported
 when due.

50

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	<u>(103,030)</u>	
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Change in Net Position of Governmental Activities	<u><u>\$466,293</u></u>	
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See accompanying notes to the basic financial statements.

Greenon Local School District, Clark County, Ohio
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2017

	Private Purpose Trust	Agency
	<u> </u>	<u> </u>
Assets:		
Equity in Pooled Cash and Investments	\$17,304	\$59,200
Total Assets	<u>17,304</u>	<u>59,200</u>
Liabilities:		
Accounts Payable	0	7
Other Liabilities	<u>0</u>	<u>59,193</u>
Total Liabilities	<u>0</u>	<u>\$59,200</u>
Net Position:		
Held in Trust	<u>17,304</u>	
Total Net Position	<u>\$17,304</u>	

See accompanying notes to the basic financial statements.

Greenon Local School District, Clark County, Ohio
Statement of Changes in Fiduciary Net Position
Fiduciary Fund
For the Fiscal Year Ended June 30, 2017

	Private Purpose Trust
Additions:	
Investment Earnings	\$104
Other	9,336
Total Additions	<u>9,440</u>
Deductions:	
Scholarships	9,336
Total Deductions	<u>9,336</u>
Change in Net Position	104
Net Position - Beginning of Year	<u>17,200</u>
Net Position - End of Year	<u><u>\$17,304</u></u>

See accompanying notes to the basic financial statements.

Greenon Local School District, Ohio
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2017

Note 1 - Description Of The School District And Reporting Entity

Greenon Local School District (the "School District") is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The School District operates under a locally-elected five-member Board form of government and provides educational services as mandated by State statute and federal guidelines. This Board of Education controls the School District's four instructional/support facilities.

The basic financial statements of the School District have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The School District's significant accounting policies are described below.

Reporting Entity

The reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity" as amended by GASB Statement No. 39, "Determining Whether Certain Organizations Are Component Units" and GASB Statement No. 61, "The Financial Reporting Entity: Omnibus an amendment of GASB Statements No. 14 and No. 34". The reporting entity is composed of the primary government and component units. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the School District. For the School District, this includes general operations, food service, and student related activities of the School District.

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's Governing Board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; or (3) the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or (4) the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt or the levying of taxes. Certain organizations are also included as component units if the nature and significance of the relationship between the primary government and the organization is such that exclusion by the primary government would render the primary government's financial statements incomplete or misleading. Based upon the application of these criteria, the School District has no component units. The basic financial statements of the reporting entity include only those of the School District (the primary government).

The School District participates in five jointly governed organizations and two insurance purchasing pools. These organizations are:

Jointly Governed Organizations:

- Miami Valley Educational Computer Association
- Southwestern Ohio Educational Purchasing Council
- Southwestern Ohio Instructional Technology Association
- Clark County Family and Children First Council
- Springfield/Clark Career Technology Center

Greenon Local School District, Ohio
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2017

Insurance Purchasing Pools:

Southwestern Ohio Educational Purchasing Council Workers' Compensation GRP
Southwestern Ohio Educational Purchasing Council Member Benefits Plan

These organizations are presented in Notes 15 and 16 to the basic financial statements.

Note 2 - Summary Of Significant Accounting Policies

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. The effect of interfund activity has been removed from these statements. Governmental activities normally are supported by taxes and intergovernmental revenues.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

Measurement Focus and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the School District considers revenues to be available if they are collected within sixty days of the end of the fiscal period. Expenditures generally are recorded when a liability is expected to be liquidated with expendable, available resources. However compensated absences are recorded only when payment is due.

Property taxes, grants and entitlements, tuition, fees and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered measurable and available only when cash is received by the School District.

Greenon Local School District, Ohio
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2017

Fund Accounting

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

Governmental Funds

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

The School District reports the following major governmental funds:

General Fund – The general fund is the government’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Permanent Improvement Fund – The permanent improvement fund is used to account for all transactions related to acquiring, constructing, or improving of such permanent improvements as are authorized by Chapter 5705, Revised Code.

Other governmental funds of the School District are used to account for (a) financial resources that are restricted, committed, or assigned to expenditures for capital outlays including the acquisition or construction of capital facilities and other capital assets, (b) specific revenue sources that are restricted or committed to an expenditure for specified purposes other than debt service or capital projects and (c) financial resources that are restricted, committed, or assigned to expenditures for principal and interest.

Fiduciary Funds

Fiduciary fund reporting focuses on net position and changes in net position. The School District maintains two fiduciary funds. One is an agency fund known as the student activities fund, which was established to account for revenues generated by student managed activities. The School District’s agency fund is custodial in nature (assets equal liabilities) and does not involve the measurement of results of operations. The other is a private purpose trust fund established to provide scholarships to students for higher education.

When both restricted and unrestricted resources are available for use, it is the School District’s policy to use the restricted resources first, and then unrestricted resources, as they are needed.

Greenon Local School District, Ohio
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2017

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.

Revenues - Exchange and Nonexchange 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 fiscal year end.

Non-Exchange Transactions

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 6). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

Deferred Outflows of Resources and Deferred Inflows of Resources

In addition to assets, the government-wide statement of net position will report a separate section for deferred outflows of resources. Deferred outflows of resources, represents 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 have been reported for the following two items related the School District's net pension liability: (1) the difference between expected and actual experience of the pension systems, and (2) the School District's contributions to the pension systems subsequent to the measurement date. For more pension related information, see Note 10.

In addition to liabilities, both the government-wide statement of net position and the governmental fund financial statements 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.

Greenon Local School District, Ohio
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2017

For the School District, deferred inflows of resources include property taxes, grants and other taxes, and pension. Property taxes represent amounts for which there is an enforceable legal claim as of June 30, 2017, but which were levied to finance fiscal year 2018 operations. These amounts have been recorded as a deferred inflow of resources on both the government-wide statement of net position and the governmental fund financial statements. Grants and other taxes have been recorded as deferred inflows on the governmental fund financial statements. The deferred inflows related to pension are reported on the governmental-wide statement of net position. See Note 10 for more pension related information.

The School District also reports a deferred inflow of resources for the net difference between projected and actual earnings on pension plan investments and changes in employer proportion and differences between contributions and proportionate share of contributions related to the School District's net pension liability. This deferred inflow of resources is only reported on the government-wide statement of net position.

Expenses/Expenditures

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The entitlement value of donated commodities used during the year is reported in the statement of revenues, expenditures and changes in fund balances as an expenditure with a like amount reported as intergovernmental revenue. Unused donated commodities are reported as intergovernmental revenue.

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.

Cash and Investments

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 investments" on the statement of net position and governmental fund balance sheet.

The School District has segregated bank accounts for monies held separate from the School District's central bank account. These interest bearing depository accounts are presented on the statement of net position and governmental fund balance sheet as "cash in segregated accounts" since they are not required to be deposited into the School District treasury.

During fiscal year 2017, the School District investments were limited to Federal Home Loan Mortgage (FHLM) securities, Federal National Mortgage Association (FNMA) securities, Commercial Paper, Negotiable CDs, and a US Government money market. Except for nonparticipating investment contracts, investments are reported at fair value, which is based on quoted market prices.

The School District Treasurer has determined the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2017 amounted to \$24,105 (no interest

Greenon Local School District, Ohio
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2017

was assigned from other funds to the general fund). The permanent improvement capital projects received interest of \$8,133.

Inventory

Inventories are stated at cost, which is determined on a first-in, first-out basis. Inventory consists of expendable supplies held for consumption. The costs of inventory items are recorded as expenditures when purchased.

On the fund financial statements, reported materials and supplies inventory is equally offset by a nonspendable fund balance in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net position. During 2017, the District had no materials and supplies inventory.

Capital Assets and Depreciation

Capital assets, which includes land, buildings and improvements, furniture and equipment, vehicles, and infrastructure are reported on the government-wide financial statements. Capital assets are defined by the School District as assets with an initial, individual cost of more than \$2,500 (amount not rounded) and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if actual amounts were not available. Donated capital assets are recorded at an estimated fair market value at the date of donation. The School District reviewed possible infrastructure assets (roads, bridges, culverts, etc.), which could be required to be capitalized. The School District reports the waste water treatment plant as infrastructure.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets of the primary government are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	50
Vehicles, Furniture and Equipment	5-20
Infrastructure	25

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. The School District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

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

Greenon Local School District, Ohio
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2017

School District's termination policy. The School District records a liability for accumulated unused sick leave for all employees after ten years of current service with the School District.

For governmental funds, the current portion of unpaid compensated absences is the amount normally due for payment during the current year. Matured leave payable in the fund financial statements represents the entire current portion. These amounts are reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. The entire liability is reported on the government-wide statement of net position.

Accrued Liabilities and Long-Term Obligations

All payables, accrued liabilities and long-term obligations are reported on the government-wide financial statements.

In general, governmental fund payables and accrued liabilities are reported on the governmental fund financial statement as an obligation when they will be liquidated with current resources. However, general obligation bonds, capital lease obligation, compensated absences and special termination benefits that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they will be paid with current available expendable financial resources. Payments made more than sixty days after year-end are considered not to have used current available financial resources.

Interfund Balances

On fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund loans receivable/payable". These amounts are eliminated in the governmental type activities columns of the statement of net position.

Interfund Transactions

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures in the purchase funds. Flows of cash or goods from one fund to another without requirement for repayment are reported as interfund transfers. Repayments from funds responsible for particular expenditures to the funds that initially paid for them are not presented on the financial statements.

Net Position

Net position represents the difference between assets and deferred outflows and liabilities and deferred inflows. The net position component "net investment in capital assets," consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing 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 its use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. The amount restricted for other purposes represents amount restricted for the latchkey fund a nonmajor governmental fund.

Greenon Local School District, Ohio
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2017

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

Fund Balance

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

Nonspendable - The nonspendable fund balance classification includes amounts that cannot be spent because they are not in spendable form or legally 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.

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

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 (the highest level of decision making authority). 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 nor 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, which includes giving the Treasurer the authority to constrain monies for intended purposes.

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 only used to report a deficit fund 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 restricted and unrestricted (committed, assigned, and unassigned) fund balance is 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.

Greenon Local School District, Ohio
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2017

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.

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.

Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. The District had no extraordinary or special items during fiscal year 2017.

Note 3 - Accountability And Compliance

Deficit Fund Balances

Fund balances at June 30, 2017 included the following individual fund deficits:

<u>Funds</u>	<u>Deficit</u>
Other Governmental Funds:	
Food Service	\$201,016
IDEA, Part B	39,294
School Improvement	2
Title I	35,405
Title II-D	1,995

The general fund is liable for any deficit in these funds and provides transfers when cash is required, not when accruals occur. The deficit fund balances resulted from adjustments for accrued liabilities.

Note 4 - Equity In Pooled Cash 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

Greenon Local School District, Ohio
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2017

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.

Interim monies may be deposited or invested in the following securities:

- (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, including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
- (3) Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
- (4) Bonds and other obligations of the State of Ohio;
- (5) No-load money market mutual funds consisting exclusively of obligations described in items (1) and (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);
- (7) Certain banker's acceptance and commercial paper notes for a period not to exceed one-hundred-eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
- (8) Under limited circumstances, corporate debt interests rated in either of the two highest classifications by at least two nationally recognized rating agencies.

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

Greenon Local School District, Ohio
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2017

established by the financial institution to secure the repayment of all public monies deposited with the institution.

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

Deposits

At June 30, 2017, the carrying amount of all School District deposits was \$3,335,530. Based on the criteria described in GASB Statement No. 40, "Deposits and Investment Risk Disclosures", as of June 30, 2017, \$649,998 of the School District's bank balance of \$4,419,713 was exposed to custodial credit risk as discussed below, while \$3,769,715 was covered by the FDIC.

Custodial credit risk is the risk that, in the event of bank failure, the School District's deposits may not be returned. All deposits are collateralized with eligible securities in amounts equal to at least 105% of the carrying value of the deposits. Such collateral, as permitted by the Ohio Revised Code, is held in single financial institution collateral pools at Federal Reserve Banks, or at member banks of the federal reserve system, in the name of the respective depository bank and pledged as a pool of collateral against all of the public deposits it holds or as specific collateral held at the Federal Reserve Bank in the name of the School District. The School District has no deposit policy for custodial credit risk beyond the requirements of State statute. Although the securities were held by the pledging institutions' trust department and all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

Investments

As of June 30, 2017, the School District had the following investments:

	<u>Fair Value</u>	<u>Fair Value Hierarchy</u>	<u>Weighted Average Maturity (Years)</u>
Negotiable CDs	\$1,641,765	Level 2	0.97
Federal Home Loan Mortgage	299,618	Level 2	0.34
Federal National Mortgage Association	813,666	Level 2	2.35
Commercial Paper	1,031,792	Level 2	0.55
Money Market Funds	<u>6,842</u>	N/A	0.00
Total Fair Value	<u><u>\$3,793,683</u></u>		
Portfolio Weighted Average Maturity			1.10

The District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets. Level 2 inputs are significant other observable inputs. Level 3 inputs are significant unobservable

Greenon Local School District, Ohio
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2017

inputs. The above table identifies the District’s recurring fair value measurements as of June 30, 2017.

Interest Rate Risk – As a means of limiting its exposure to fair value losses arising from rising interest rates and according to State law, the School District’s investment policy limits investment portfolio maturities to five years or less.

Credit Risk – The School District has no policy dealing with credit risk beyond the requirements of State statute. The School District’s investments in federal agency securities and notes were rated AA+ and Aaa by Standard & Poor’s and Moody’s Investment Services, respectively. Money Market Funds and Negotiable CD’s were not rated. The District’s Investments in Commercial Paper was rated A-1+ by Standard & Poor’s ratings and P-1 by Moody’s Investment Service.

Concentration of Credit Risk – The School District places no limit on the amount that may be invested in any one issuer. The District has invested 43.3% in Negotiable CDs, 7.9% in Federal Home Loan Mortgage, 21.4% in Federal National Mortgage Association, 27.2% Commercial Paper, and 0.2% in Money Market Funds.

Custodial Credit Risk – For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The federal agency securities are exposed to custodial credit risk in that they are uninsured, unregistered and led by the counterparty’s trust department or agent, but not in the School District’s name. 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.

Note 5 - Interfund Transactions

Interfund receivable/payable consisted of the following at June 30, 2017, as reported on the fund statement:

	Interfund	
	<u>Receivable</u>	<u>Payable</u>
General Fund	\$164,377	\$0
Other Governmental Funds	<u>0</u>	<u>164,377</u>
Total All Funds	<u>\$164,377</u>	<u>\$164,377</u>

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

Interfund balances between governmental funds are eliminated on the government-wide statement of net position.

Greenon Local School District, Ohio
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2017

Note 6 - Property Taxes

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

Property taxes include amounts levied against all real property and public utility property. Real property tax revenues received in calendar year 2017 represent the collection of calendar year 2016 taxes. Real property taxes received in calendar year 2017 were levied after April 1, 2016, on the assessed values as of January 1, 2016, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market value. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31, with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established. Public utility property tax revenues received in calendar year 2017 represent the collection of calendar year 2016 taxes. Public utility real and personal property taxes received in calendar year 2017 became a lien on December 31, 2015, were levied after April 1, 2016, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

The School District receives property taxes from Clark County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2017, are available to finance fiscal year 2017 operations. The amount available as an advance at June 30, 2017 was \$1,114,038 in the General Fund and \$74,836 in the Permanent Improvement fund. This amount is recorded as revenue. 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, 2017 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.

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.

The assessed values upon which the fiscal year 2017 taxes were collected are:

Greenon Local School District, Ohio
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2017

	2016 Second Half Collections		2017 First Half Collections	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/residential and other real estate	\$247,192,670	96.02%	\$260,439,210	95.98%
Public utility personal	10,243,630	3.98%	10,918,110	4.02%
Total	<u>\$257,436,300</u>	<u>100%</u>	<u>\$271,357,320</u>	<u>100%</u>
Tax rate per \$1,000 of assessed valuation				
General	\$43.11		\$42.39	
Permanent Improvement	3.00		3.00	

Note 7- Receivables

Receivables at June 30, 2017, consisted of taxes, accounts, intergovernmental grants, and interfund. 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 year guarantee of federal funds.

Note 8 - Capital Assets

Capital asset activity for the fiscal year ended June 30, 2017 was as follows.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deductions</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land	\$84,740	\$0	\$0	\$84,740
Total capital assets, not being depreciated	<u>84,740</u>	<u>0</u>	<u>0</u>	<u>84,740</u>
Capital assets, being depreciated:				
Buildings and improvements	18,037,856	210,911	0	18,248,767
Vehicles, Furniture and Equipment	4,728,397	195,021	0	4,923,418
Infrastructure	122,003	0	0	122,003
Total capital assets, being depreciated	<u>22,888,256</u>	<u>405,932</u>	<u>0</u>	<u>23,294,188</u>
Less: accumulated depreciation				
Buildings and improvements	13,157,484	64,948	0	13,222,432
Vehicles, Furniture and Equipment	2,621,959	172,938	0	2,794,897
Infrastructure	57,341	4,539	0	61,880
Total accumulated depreciation	<u>15,836,784</u>	<u>242,425</u>	<u>0</u>	<u>16,079,209</u>
Governmental activities capital assets, net	<u>\$7,136,212</u>	<u>\$163,507</u>	<u>\$0</u>	<u>\$7,299,719</u>

Greenon Local School District, Ohio
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2017

Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$45,087
Special	837
Vocational	23
Support services:	
Instructional Staff	5,773
Board of Education	617
Administration	150
Fiscal	325
Business	1,492
Operations and Maintenance	28,545
Pupil Transportation	76,766
Central	35,047
Operation of Non-Instructional Services	7,504
Extracurricular Activities	40,259
	<hr/>
Total depreciation expense	<u>\$242,425</u>

Note 9 - Risk Management

Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For fiscal year 2017, the School District contracted with the Southwestern Ohio EPC Liability/Property/Fleet Program.

Insurance coverage provided includes the following:

General Liability:	
Per Occurrence	\$1,000,000
Total Per Year	3,000,000
Total Per Year for Pool	350,000,000
Automobile Liability (\$1,000 Deductible)	1,000,000
Property Insurance (\$1,000 Deductible) for Member	1,000,000
Total Per Year for Pool	350,000,000
School Board Legal Liability (\$10,000 Deductible)	1,000,000
Boiler/Machinery (\$3,500 Deductible) for Pool	250,000,000
Excess Liability (in excess of underlying \$1,000,000 for member)	5,000,000
Site Pollution Legal Liability (\$25,000 Deductible)	1,000,000

Settled claims have not exceeded this commercial coverage in any of the past three years. There have been no significant reductions in insurance coverage from last year.

Greenon Local School District, Ohio
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2017

Workers' Compensation

For fiscal year 2017, the School District participated in the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 16). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Hunter Consulting provides administrative, cost control and actuarial services to the GRP.

Note 10 - 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 obligation for this liability to annually required payments. The School District cannot control benefit terms or the manner in which pensions are financed; however, the School District does receive the benefit of employees' services in exchange for compensation including pension.

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

Greenon Local School District, Ohio
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2017

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 accrued wages and benefits on both the accrual and modified accrual bases of accounting.

Plan Description - School Employees Retirement System (SERS)

Plan Description – Non-teaching employees participate in SERS, a cost-sharing multiple-employer defined benefit pension plan administered by SERS. SERS provides retirement, disability and survivor benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Ohio Revised Code Chapter 3309. SERS issues a publicly available, stand-alone financial report that includes financial statements, required supplementary information and detailed information about SERS’ fiduciary net position. That report can be obtained by visiting the SERS website at www.ohsers.org under Employers/Audit Resources.

Age and service requirements for retirement are as follows:

	Eligible to Retire on or before August 1, 2017 *	Eligible to Retire on or after August 1, 2017
Full Benefits	Any age with 30 years of service credit	Age 67 with 10 years of service credit; or Age 57 with 30 years of service credit
Actuarially Reduced Benefits	Age 60 with 5 years of service credit Age 55 with 25 years of service credit	Age 62 with 10 years of service credit; or Age 60 with 25 years of service credit

* Members with 25 years of service credit as of August 1, 2017, will be included in this plan.

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

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

Funding Policy – Plan members are required to contribute 10 percent of their annual covered salary and the employer 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, 2017, the allocation to pension, death benefits, and Medicare B was 14.00 percent. None of the 14 percent contribution rate was allocated to the Health Care Fund.

The contractually required contribution to SERS was \$317,590 for fiscal year 2017. Of this amount \$9,730 is reported as accrued wages and benefits.

Greenon Local School District, Ohio
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2017

Plan Description - State Teachers Retirement System (STRS)

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

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

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

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

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

A DB or Combined Plan member with five or more years of credited service who is determined to be disabled may qualify for a disability benefit. Eligible survivors of members who die before service retirement may qualify for monthly benefits. New members on or after July 1, 2013, must have at least ten years of qualifying service credit that apply for disability benefits. Members in the DC Plan who

Greenon Local School District, Ohio
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2017

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, 2017, plan members were required to contribute 14 percent of their annual covered salary. The employer was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2017 contribution rates were equal to the statutory maximum rates.

The contractually required contribution to STRS was \$1,028,112 for fiscal year 2017. Of this amount \$178,408 is reported as accrued wages and benefits.

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, 2016, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The proportion of the net pension liability was based on the 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>SERS</u>	<u>STRS</u>	<u>Total</u>
Proportionate Share of the Net Pension Liability	\$5,293,486	\$21,884,483	\$27,177,969
Proportion of the Net Pension Liability	0.07232450%	0.06537948%	
Pension Expense	418,753	1,424,161	1,842,914

At June 30, 2017, reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>SERS</u>	<u>STRS</u>	<u>Total</u>
Deferred Outflows of Resources			
Differences between expected and actual experience	\$71,397	\$884,238	\$955,635
Changes of assumptions	353,369	0	353,369
Net difference between projected and actual earnings on pension plan investments	436,636	1,817,000	2,253,636
Changes in employer proportionate share of net pension liability	0	658,524	658,524
Contributions subsequent to the measurement date	317,590	1,028,112	1,345,702
Total Deferred Outflows of Resources	<u>\$1,178,992</u>	<u>\$4,387,874</u>	<u>\$5,566,866</u>
Deferred Inflows of Resources			
Changes in employer proportionate share of net pension liability	<u>\$296,400</u>	<u>\$968,993</u>	<u>\$1,265,393</u>
Total Deferred Inflows of Resources	<u>\$296,400</u>	<u>\$968,993</u>	<u>\$1,265,393</u>

Greenon Local School District, Ohio
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2017

\$1,345,702 reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pension will be recognized in pension expense as follows:

Fiscal Year Ending June 30:	SERS	STRS	Total
2018	\$85,460	\$269,321	\$354,781
2019	85,146	269,320	354,466
2020	268,881	966,555	1,235,436
2021	125,515	885,573	1,011,088
Total	<u>\$565,002</u>	<u>\$2,390,769</u>	<u>\$2,955,771</u>

Actuarial Assumptions - SERS

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

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

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

Key methods and assumptions used in calculating the total pension liability in the latest actuarial valuation, prepared as of June 30, 2016, are presented below:

Wage Inflation	3.00 percent
Future Salary Increases, including inflation	3.50-18.20 percent
COLA or Ad Hoc COLA	3.00 percent
Investment Rate of Return	7.50 percent net of investments expense, including inflation
Actuarial Cost Method	Entry Age Normal

Greenon Local School District, Ohio
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2017

For post-retirement mortality, the table used in evaluating allowances to be paid is the RP-2014 Blue Collar Mortality Table with full generational projection and Scale BB, with 120% of male rates and 110% of female rates used. The RP-2000 Disabled Mortality Table with 90% for male rates and 100% for female rates set back five years is used for the period after disability retirement. Special mortality tables are used for the period after disability retirement.

The actuarial assumptions used in the June 30, 2016 valuation based on the results of an experience study that was completed June 30, 2015. As a result of the actuarial experience study, the following changes of assumptions affected the total pension liability since the prior measurement date: (a) the assumed rate of inflation was reduced from 3.25% to 3.00%, (b) payroll growth assumption was reduced from 4.00% to 3.50%, (c) assumed real wage growth was reduced from 0.75% to 0.50%, (d) Rates of withdrawal, retirement, disability were updated to reflect recent experience (e) mortality amount active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females, (f) mortality among service retired members, and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates and (g) mortality among disable member was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Cash	1.00 %	0.50 %
US Stocks	22.50	4.75
Non-US Stocks	22.50	7.00
Fixed Income	19.00	1.50
Private Equity	10.00	8.00
Real Assets	15.00	5.00
Multi-Asset Strategies	10.00	3.00
Total	100.00 %	

Discount Rate

The total pension liability was calculated using the discount rate of 7.50 percent. The projection of cash flows used to determine the discount rate assumed the contributions from employers and from the members would be computed based on contribution requirements as stipulated by State statute. Projected inflows from investment earning were calculated using the long-term assumed investment rate of return (7.50 percent). Based on those assumptions, the plan's fiduciary net position was

Greenon Local School District, Ohio
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2017

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 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 7.50 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 (6.50 percent), or one percentage point higher (8.50 percent) than the current rate.

	1% Decrease (6.50%)	Current Discount Rate (7.50%)	1% Increase (8.50%)
Proportionate share of the net pension liability	\$7,008,246	\$5,293,486	\$3,858,161

Actuarial Assumptions - STRS

The total pension liability in the June 30, 2016 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

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

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

Actuarial assumptions used in the June 30, 2016, 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:

Greenon Local School District, Ohio
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2017

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

*10-Year annualized geometric nominal returns, which include the real rate of return and inflation of 2.50% and does not include investment expenses. The total fund long-term expected return reflects diversification among the asset classes and therefore is not a weighted average return of the individual asset classes.

Discount Rate

The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2016. 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, 2016. Therefore, the long-term expected rate of return on pension plan investments of 7.75 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2016.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate

The following table presents the proportionate share of the net pension liability calculated using the current period discount rate assumption of 7.75 percent, as well as what the 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%)
Proportionate share of the net pension liability	\$29,082,699	\$21,884,483	\$15,812,363

Changes Between Measurement Date and Report Date

In March 2017, the STRS Board adopted certain assumption changes which will impact their annual actuarial valuation prepared as of June 30, 2017. The most significant change is a reduction in the

Greenon Local School District, Ohio
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2017

discount rate from 7.75 percent to 7.45 percent. In April 2017, the STRS Board voted to suspend cost of living adjustments granted on or after July 1, 2017. Although the exact amount of these changes is not known, the overall decrease to the net pension liability is expected to be significant.

Note 11 - Post Employment Benefits

School Employees Retirement System

Health Care Plan Description – Sections 3309.375 and 3309.69 of the Ohio Revised Code permit SERS to offer health care benefits to eligible retirees and beneficiaries. SERS' Retirement Board reserves the right to change or discontinue any health plan or program. SERS offers several types of health plans from various vendors, including HMOs, PPOs, Medicare Advantage and traditional indemnity plans. A prescription drug program is also available to those who elect health coverage. SERS employs two third-party administrators and a pharmacy benefit manager to manage the self-insurance and prescription drug plans, respectively.

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

The Health Care Fund was established under, and is administered in accordance with Internal Revenue Code 105(e). Each year after the allocation for statutorily required pensions and benefits, the Retirement Board may allocate the remainder of the employer 14% contribution to the Health Care Fund in accordance with the funding policy. For the year ended June 30, 2017, the health care allocation is 0.00%. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated if less than a full year of service credit was earned. By statute no employer shall pay a health care surcharge greater than 2.0% of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5% of the total statewide SERS-covered payroll for the health care surcharge. For fiscal year 2017, the minimum compensation level was established at \$23,500. The surcharge, added to the unallocated portion of the 14% employer contribution rate is the total amount assigned to the Health Care Fund. The District's contributions assigned to health care for the years ended June 30, 2017, 2016, and 2015 were \$37,864, \$35,515, and \$57,096, respectively.

The SERS Retirement Board establishes the rules for the premiums paid by the retirees for health care coverage for themselves and their dependents or for their surviving beneficiaries. Premiums vary depending on the plan selected, qualified years of service, Medicare eligibility, and retirement status.

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

State Teachers Retirement System

Plan Description – The 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

Greenon Local School District, Ohio
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2017

reimbursement of monthly Medicare Part B premiums. The Plan is included in the report of STRS which can be obtained by visiting www.strsoh.org or by calling (888) 227-7877.

Funding Policy – Ohio Revised Code Chapter 3307 authorizes STRS Ohio to offer the Plan and gives the Retirement Board authority over how much, if any, of the health care costs will be absorbed by STRS. Active employee members do not contribute to the Health Care Plan. All benefit recipients, for the most recent year, pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal year 2017, STRS did not allocate any employer contributions to post-employment health care. The District's contributions for health care for the fiscal years ended June 30, 2017, 2016, and 2015 were \$0, \$0, and \$0, respectively.

Note 12 - Other Employee Benefits

Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Eligible classified employees earn ten to twenty days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time. Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 270 days for classified personnel and 280 days for certified personnel. For classified personnel, upon retirement, payment is made for 25% of the first 160 days and 22% of the days in excess of 160 but not to exceed a total of 64 days. For certified personnel, upon retirement, payment is made for 25% of the first 160 days and 22.2% of the days in excess of 160 but not to exceed a total of 67 days.

Insurance Benefits

The School District has elected to provide employee medical/surgical benefits through United Healthcare of Ohio. The Board pays 85 percent of the monthly premium for certified and classified employees. Dental insurance is provided by the School District to most employees through Delta Dental. Vision insurance is provided by the School District to most employees through Vision Service Plan. The Board pays 80 percent for certified employees and 85 percent for classified employees of the dental and vision insurance. The School District provides life insurance and accidental death and dismemberment insurance to most employees through Sunlife Financial.

Special Termination Benefits

For fiscal year 2017 and in previous years, the School District offered eligible certified employees a special termination benefit. To be eligible, the employee must meet the requirements set forth by the State Teachers Retirement System. In fiscal year 2017, anyone who was eligible to retire had to give written notice by March 30, 2017, of intention to retire. Those who did retire, were eligible to receive a special termination benefit equal to 40% of their base pay for the current contract year. Payment to an eligible employee is made in two equal installments, the first of which will occur in the September immediately following the employee's retirement and the second of which will occur one year later. Alternatively, they may elect to receive the entire 40% one year later in September.

The District also offered eligible classified employees a special termination benefit. To be eligible, the employee must meet the requirements set forth by the School Employees Retirement System. In fiscal

Greenon Local School District, Ohio
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2017

year 2017, anyone who was eligible to retire had to give written notice by March 1, 2017, of intention to retire. Those who did retire were eligible to receive a retirement incentive equal to \$5,000 pro-rated to 8 hours for full amount based on hours working at time of retirement. Payments to eligible employees are made in one installment, which will occur in the September immediately following the employee's retirement.

Note 13 - Long-Term Obligations

The changes in the School District's long-term obligations during fiscal year 2017 were as follows.

	Interest Rate	Beginning Balance	Increase	Decrease	Ending Balance	Due Within One Year
Loans:						
2016 Energy Loan	1.00%	\$503,496	\$0	\$45,713	\$457,783	\$46,171
Subtotal Loans		503,496	0	45,713	457,783	46,171
Capital Lease		101,690	0	43,790	57,900	46,030
Compensated Absences and Termination Benefits		735,472	200,283	117,077	818,678	92,477
Subtotal Loans and Other Amounts		1,340,658	200,283	206,580	1,334,361	184,678
Net pension liability						
STRS		17,266,940	4,617,543	0	21,884,483	0
SERS		4,246,557	1,046,929	0	5,293,486	0
Subtotal Net Pension Liability		21,513,497	5,664,472	0	27,177,969	0
Total Long-Term Obligations		<u>\$22,854,155</u>	<u>\$5,864,755</u>	<u>\$206,580</u>	<u>\$28,512,330</u>	<u>\$184,678</u>

Compensated absences and the special termination benefit will be paid from the funds from which the employees' salaries are paid. The capital lease and Energy Loan will be paid from the permanent improvement fund.

In 2016, the District issued a HB264 Energy Conservation Loan for \$526,182, which was used for energy improvements throughout the District. The Loan was issued for a rate of 1.0% with final maturity due on 12/1/2026.

A summary of the District's future long-term debt funding requirements, including principal and interest payments as of June 30, 2017 follows:

Fiscal Year Ending June 30	Loans			
	Principal	Interest	Service Fee	Total
2018	\$46,171	\$3,347	\$1,115	\$50,633
2019	46,633	3,000	1,000	50,633
2020	47,101	2,649	883	50,633
2021	47,573	2,295	765	50,633
2022	48,050	1,938	646	50,634
2023-2027	222,255	4,195	1,399	227,849
Total	<u>\$457,783</u>	<u>\$17,424</u>	<u>\$5,808</u>	<u>\$481,015</u>

Greenon Local School District, Ohio
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2017

Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the School District shall never exceed 9% of the total assessed valuation of the School District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the School District. The code additionally states that unvoted indebtedness related to energy conservation debt shall not exceed 9/10 of 1% of the property valuation of the School District. The assessed valuation used in determining the School District's legal debt margin has been modified by House Bill 530 which became effective March 30, 2006. In accordance with House Bill 530, the assessed valuation used in the School District's legal debt margin calculation excluded tangible personal property used in business, telephone or telegraph property, interexchange telecommunications company property, and personal property owned or leased by a railroad company and used in railroad operations. The effects of these debt limitations at June 30, 2017, are a voted debt margin of \$24,422,159 and an unvoted debt margin of \$271,357.

Note 14 - Capitalized Leases - Lessee Disclosure

In prior fiscal years, the District entered into capitalized leases for copier equipment. These lease agreements met the criteria of a capital lease as defined by generally accepted accounting principles, which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the financial statements for the governmental funds.

Capital assets consisting of copiers have been capitalized in the amount of \$210,411. This amount represents the present value of the minimum lease payments at the time of acquisition. Accumulated depreciation as of June 30, 2017 for the copiers amounted to \$105,105, leaving a current book value of \$105,306. A corresponding liability was recorded in the government-wide financial statements. The District made principal payments of \$43,790 during fiscal year 2017. The following is a schedule of the future minimum lease payments required under the capital lease and the present value of the minimum lease payments:

Fiscal Year Ending June 30,	Amount
2018	\$47,880
2019	<u>11,969</u>
Total minimum lease payments	59,849
Less: amount representing interest	<u>(1,949)</u>
Total	<u><u>\$57,900</u></u>

Note 15 - Jointly Governed Organizations

Miami Valley Educational Computer Association – The School District is a participant in the Miami Valley Educational Computer Association (MVECA) which is a computer consortium. MVECA is an association of public school districts within the boundaries of Clark, Clinton, Fayette, Greene, Highland, Madison, Montgomery and Ross Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of MVECA consists of seven representatives from the member districts elected by majority vote of all charter member school districts within each county plus one representative from the fiscal agent. The School District paid

Greenon Local School District, Ohio
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2017

MVECA \$89,104 for services provided during the fiscal year. Financial information can be obtained from the Executive Director, at MVECA at 330 East Enon Road, Yellow Springs, Ohio 45387.

Southwestern Ohio Educational Purchasing Council - The Southwestern Ohio Educational Purchasing Council (SOEPC) is a purchasing cooperative made up of 139 school districts in 18 counties. The purpose of the cooperative is to obtain prices for quality merchandise and services commonly used by schools. All member districts are obligated to pay all fees, charges, or other assessments as established by the SOEPC. Each member district has one voting representative. Title to any and all equipment, furniture and supplies purchased by the SOEPC is held in trust for the member districts. Any district withdrawing from the SOEPC shall forfeit its claim to any and all SOEPC assets. One year prior notice is necessary for withdrawal from the group.

During this time, the withdrawing member is liable for all member obligations. Payments to SOEPC are made from the general fund. During the fiscal year, the School District paid \$64,254 to the SOEPC. To obtain financial information, write to the Southwestern Ohio Educational Purchasing Council, Director, at 303 Corporate Center Drive, Suite 208, Vandalia, OH 45377.

Southwestern Ohio Instructional Technology Association - The Southwestern Ohio Instructional Technology Association (SOITA) is a not-for-profit corporation. The purpose of the corporation is to serve the educational needs of the area through television programming for the advancement of educational programs. The Board of Trustees is comprised of twenty-three representatives of SOITA member schools or institutions. Twenty-one representatives are elected from within the counties by the qualified members within the counties, i.e., Auglaize, Brown, Butler, Champaign, Clark, Clermont, Clinton, Darke, Fayette, Greene, Hamilton, Logan, Mercer, Miami, Montgomery, Preble, Shelby, and Warren. Montgomery, Greene and Butler Counties elect two representatives per area. All others elect one representative per area. One at-large non-public representative is elected by the non-public school SOITA members in the State-assigned SOITA service area representative. One at-large higher education representative is elected by higher education SOITA members from within the State-assigned SOITA service area.

All member districts are obligated to pay all fees, charges, or other assessments as established by the SOITA. Upon dissolution, the net position shall be distributed to the federal government, or to a state or local government, for a public purpose. Payments to SOITA are made from the general fund. During fiscal year 2017, the School District did not make any payments to SOITA. To obtain financial information, write to the Southwestern Ohio Instructional Technology Association, Director, at 1205 East Fifth Street, Dayton, Ohio 45402.

Clark County Family and Children First Council - The Clark County Family and Children First Council (FCF) is a voluntary association established with the purpose to coordinate and integrate those services within Clark County which are available for families and to establish a comprehensive, coordinated, multi-disciplinary, interagency system for the delivery of such services in order to more effectively meet the needs of families and children.

The Board of Trustees is comprised of eighteen representatives of each the members of the FCF, including the Superintendent of the Clark County Educational Service Center, who was appointed by the Superintendents of the Clark County schools. All members are obligated to pay all dues as established by the FCF to aid the financing of the operations and programs of the FCF. The Greenon Local School District does not pay any dues since the Clark County Educational Service Center represents the School

Greenon Local School District, Ohio
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2017

District. Any member withdrawing from the FCF must give one hundred eighty days written notice to the FCF after formal action of the member's governing board. To obtain financial information, write to the Clark County Family and Children First Council, Executive Director, at 1345 Lagonda Avenue, Springfield, Ohio 45502.

Springfield/Clark Career Technology Center - The Springfield/Clark Career Technology Center (CTC) is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one or two representatives from each of the eight participating school districts' and educational service center's elected boards, which possess its own budgeting and taxing authority. One member is appointed from the following: Clark-Shawnee Local School District, Greenon Local School District, Northeastern Local School District, Northwestern Local School District, Southeastern Local School District, Tecumseh Local School District, and the Clark County Educational Service Center. Two members are appointed from the Springfield City School District. To obtain financial information, write to the Springfield/Clark County Career Technology Center, Treasurer, 1901 Selma Road, Springfield, Ohio 45505-4239.

Note 16 - Insurance Purchasing Pool

Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan - The School District participates in the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan (GRP). The GRP's business and affairs are conducted by an eleven member committee consisting of various GRP representatives that are elected by the general assembly. Either the superintendent or treasurer from each participating school district serves on the general assembly. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

Southwestern Ohio Educational Purchasing Council Medical Benefits Plan - The School District participates in the Southwestern Ohio Educational Purchasing Council Medical Benefits Plan (MBP). The MBP's business and affairs are conducted by an eleven member committee consisting of various EPC representatives that are elected by the general assembly. Either the superintendent or treasurer from each participating school district serves on the general assembly. Each fiscal year, the participating school districts pay an enrollment fee to the MBP to cover the costs of administering the program

Note 17 - Set-Asides

The School District is required by State law to annually set-aside certain general fund revenue amounts, as defined by statutory formula, for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at fiscal year-end. This amount must be carried forward to be used for the same purpose in future years. Expenditures exceeding the set-aside requirement may not be carried forward to the next fiscal year.

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

Greenon Local School District, Ohio
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2017

	Capital Improvements
Set-aside balance June 30, 2016	\$0
Current year set-aside requirement	284,683
Current year qualifying expenditures	(113,419)
Current year offsets	(363,040)
Total	<u>(191,776)</u>
Balance carried forward to fiscal year 2018	<u>0</u>
Set-aside balance June 30, 2017	<u><u>\$0</u></u>

Note 18 – Contingencies

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, 2017, if applicable, cannot be determined at this time.

Foundation 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 District, which can extend past the fiscal year-end. As of the date of this report, the District is liable for \$40,793 for foundation.

Note 19 - Other Commitments

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

Fund	Year-End Encumbrances
General Fund	\$220,600
Permanent Improvement Fund	16,136
Non-Major Governmental Funds	<u>37,505</u>
Total	<u><u>\$274,241</u></u>

Greenon Local School District, Ohio
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2017

Note 20 – Implementation Of New Accounting Principles

For the fiscal year ended June 30, 2017, the District has implemented Governmental Accounting Standards Board (GASB) Statement No. 77, *Tax Abatement Disclosures*, and GASB Statement No. 80, *Blending Requirements For Certain Component Units – An Amendment of GASB No. 14*.

GASB Statement No. 77 establishes improved financial reporting by giving users of financial statements essential information that is not consistently or comprehensively reported to the public at present. Disclosure of information about the nature and magnitude of tax abatements will make these transactions more transparent to financial statement users. As a result, users will be better equipped to understand (1) how tax abatements affect a government's future ability to raise resources and meet its financial obligations and (2) the impact those abatements have on a government's financial position and economic condition. The implementation of GASB Statement No 77 did not have an effect on the financial statements of the District.

GASB Statement No. 80 amends the blending requirements for the financial statement presentation of component units of all state and local governments. The additional criterion requires blending of a component unit incorporated as a not-for-profit corporation in which the primary government is the sole corporate member. The additional criterion does not apply to component units included in the financial reporting entity pursuant to the provisions of Statement No. 39, *Determining Whether Certain Organizations Are Component Units*. The implementation of GASB Statement No. 80 did not have an effect on the financial statements of the District.

Note 21 – Fund Balances

Fund balance is classified as nonspendable, restricted, committed, assigned and/or unassigned based primarily on the extent to which the District is bound to observe constraints imposed upon the use of the resources in the government funds. The constraints placed on fund balance for the major governmental fund and all other governmental funds are presented below:

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Greenon Local School District, Ohio
Notes to the Financial Statements
For the Fiscal Year Ended June 30, 2017

Fund Balances	General	Permanent Improvement	Other Governmental Funds	Total
Restricted for:				
District Managed Student Activity	\$0	\$0	\$108,413	\$108,413
Other Grants	0	0	3,366	3,366
Race To The Top	0	0	1,761	1,761
Vocational Education Enhancement	0	0	242	242
Miscellaneous State Grants	0	0	10,676	10,676
Permanent Improvement	0	994,078	0	994,078
Total Restricted	0	994,078	124,458	1,118,536
Committed to:				
Latchkey	0	0	90,242	90,242
Assigned to:				
Public School Support	38,120	0	0	38,120
Encumbrances	192,597	0	0	192,597
Total Assigned	230,717	0	0	230,717
Unassigned (Deficit)	5,216,843	0	(277,712)	4,939,131
Total Fund Balance	\$5,447,560	\$994,078	(\$63,012)	\$6,378,626

Note 22 – Subsequent Event

In fiscal year 2018, the District passed a building OFCC bond for a total project cost of \$50,643,442.

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REQUIRED SUPPLEMENTARY INFORMATION

Greenon Local School District, Ohio
 Required Supplementary Information
 Schedule of the District's Proportionate Share
 of the Net Pension Liability
 State Teachers Retirement System of Ohio
 Last Four Fiscal Years (1)

	2017	2016	2015	2014
District's Proportion of the Net Pension Liability	0.06537948%	0.06247745%	0.06812639%	0.06812639%
District's Proportionate Share of the Net Pension Liability	\$21,884,483	\$17,266,940	\$16,570,696	\$19,738,904
District's Covered-Employee Payroll	\$6,710,229	\$6,651,136	\$6,960,638	\$7,327,123
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	326.14%	259.61%	238.06%	269.40%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	66.80%	72.10%	74.70%	69.30%

(1) - Information prior to 2014 is not available

Note- Amounts presented as of the District's measurement date which is the prior fiscal year end.

Greenon Local School District, Ohio
 Required Supplementary Information
 Schedule of the District's Proportionate Share
 of the Net Pension Liability
 School Employees Retirement System of Ohio
 Last Four Fiscal Years (1)

	2017	2016	2015	2014
District's Proportion of the Net Pension Liability	0.07232450%	0.07442140%	0.08130900%	0.08130900%
District's Proportionate Share of the Net Pension Liability	\$5,293,486	\$4,246,557	\$4,115,002	\$4,835,185
District's Covered-Employee Payroll	\$2,246,129	\$2,240,470	\$2,362,684	\$2,277,204
District's Proportionate Share of the Net Pension Liability as a Percentage of its Covered-Employee Payroll	235.67%	189.54%	174.17%	212.33%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	62.98%	69.16%	71.70%	65.52%

(1) - Information prior to 2014 is not available

Note- Amounts presented as of the District's measurement date which is the prior fiscal year end.

Greenon Local School District, Ohio
 Required Supplementary Information
 Schedule of District Contributions
 State Teachers Retirement System of Ohio
 Last Ten Fiscal Years

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Contractually Required Contribution	\$1,028,112	\$939,432	\$931,159	\$904,883	\$952,526	\$914,149	\$969,718	\$1,029,204	\$1,020,085	\$913,654
Contributions in Relation to the Contractually Required Contribution	(1,028,112)	(939,432)	(931,159)	(904,883)	(952,526)	(914,149)	(969,718)	(1,029,204)	(1,020,085)	(913,654)
Contribution Deficiency (Excess)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
District Covered-Employee Payroll	\$7,343,657	\$6,710,229	\$6,651,136	\$6,960,638	\$7,327,123	\$7,031,915	\$7,459,369	\$7,916,954	\$7,846,808	\$7,028,108
Contributions as a Percentage of Covered-Employee Payroll	14.00%	14.00%	14.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%	13.00%

Greenon Local School District, Ohio
 Required Supplementary Information
 Schedule of District Contributions
 School Employees Retirement System of Ohio
 Last Ten Fiscal Years

	2017	2016	2015	2014	2013	2012	2011	2010	2009	2008
Contractually Required Contribution	\$317,590	\$314,458	\$295,294	\$327,468	\$315,165	\$308,599	\$358,316	\$206,083	\$174,688	\$172,460
Contributions in Relation to the Contractually Required Contribution	(317,590)	(314,458)	(295,294)	(327,468)	(315,165)	(308,599)	(358,316)	(206,083)	(174,688)	(172,460)
Contribution Deficiency (Excess)	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
District Covered-Employee Payroll	\$2,268,500	\$2,246,129	\$2,240,470	\$2,362,684	\$2,277,204	\$2,294,416	\$2,850,565	\$1,522,031	\$1,775,285	\$1,756,212
Contributions as a Percentage of Covered-Employee Payroll	14.00%	14.00%	13.18%	13.86%	13.84%	13.45%	12.57%	13.54%	9.84%	9.82%

Greenon Local School District, Clark County, Ohio
Schedule of Revenues, Expenditures and Changes in Fund Balance
Budget and Actual (Non-GAAP Budgetary Basis)
For the Fiscal Year Ended June 30, 2017

	General Fund			
	Original Budget	Final Budget	Actual	Variance from Final Budget
Revenues:				
Taxes	\$7,683,509	\$7,683,509	\$7,830,198	\$146,689
Tuition and Fees	647,149	647,149	659,504	12,355
Investment Earnings	56,487	56,487	57,565	1,078
Intergovernmental	7,443,037	7,443,037	7,585,135	142,098
Extracurricular Activities	20,605	20,605	20,998	393
Other Revenues	267,789	267,789	272,901	5,112
Total Revenues	16,118,576	16,118,576	16,426,301	307,725
Expenditures:				
Current:				
Instruction:				
Regular	7,530,391	7,405,824	7,342,096	63,728
Special	1,968,222	1,935,664	1,919,007	16,657
Vocational	162,377	159,691	158,317	1,374
Other	783,689	770,725	764,093	6,632
Support Services:				
Pupil	981,882	965,639	957,330	8,309
Instructional Staff	291,605	286,782	284,314	2,468
General Administration	157,662	155,054	153,720	1,334
School Administration	1,201,768	1,181,888	1,171,718	10,170
Fiscal	409,972	403,191	399,721	3,470
Business	15,204	14,953	14,824	129
Operations and Maintenance	948,414	932,725	924,699	8,026
Pupil Transportation	901,449	886,538	878,909	7,629
Central	106,095	104,340	103,442	898
Extracurricular Activities	354,226	348,367	345,369	2,998
Total Expenditures	15,812,956	15,551,381	15,417,559	133,822
Excess of Revenues Over (Under) Expenditures	305,620	567,195	1,008,742	441,547
Other financing sources (uses):				
Advances In	143,265	143,265	146,000	2,735
Advances (Out)	(168,593)	(165,804)	(164,377)	1,427
Total Other Financing Sources (Uses)	(25,328)	(22,539)	(18,377)	4,162
Net Change in Fund Balance	280,292	544,656	990,365	445,709
Fund Balance - Beginning of Year (includes prior year encumbrances appropriated)	4,502,758	4,502,758	4,502,758	0
Fund Balance - End of Year	\$4,783,050	\$5,047,414	\$5,493,123	\$445,709

See accompanying notes to the required supplementary information.

Greenon Local School District, Ohio
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2017

Note 1 – Budgetary Process

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriations 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 amount 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 the level of control selected by Board. The legal level of control has been established by the Board at the fund level. Any budgetary modifications at this level may only be made by resolution of the Board.

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 on the budgetary schedule reflects the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary schedule reflects the amounts on the final amended certificate of estimated resources issued during the fiscal year 2017.

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

While the 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 Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual (Non-GAAP Budgetary Basis) presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are as follows:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures for all funds (budget basis) rather than as assigned to a fund balance for governmental fund types and expendable trust funds (GAAP basis).
4. Advances in and advances out are operating transactions (budget basis) as opposed to balance sheet transactions.
5. Some funds are reported as part of the general fund (GAAP basis) as opposed to the general fund being reported alone (budget basis).

Greenon Local School District, Ohio
Notes to the Required Supplementary Information
For the Fiscal Year Ended June 30, 2017

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

Net Change in Fund Balance	
	General
GAAP Basis	\$895,815
Revenue Accruals	41,754
Expenditure Accruals	284,306
Advances In	146,000
Advances (Out)	(164,377)
Encumbrances	(196,773)
Funds Budgeted Elsewhere	(16,360)
Budget Basis	\$990,365

Note 2 – SERS Change in Assumptions

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal years 2014 - 2017.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014-2016. For fiscal year 2017, the following changes of assumptions affected the total pension liability since the prior measurement date: (1) discount rate was reduced from 7.75% to 7.50%, (2) the assumed rate of inflation was reduced from 3.25% to 3.00%, (3) payroll growth assumption was reduced from 4.00% to 3.50%, (4) assumed real wage growth was reduced from 0.75% to 0.50%, (5) Rates of withdrawal, retirement and disability were updated to reflect recent experience, (6) mortality among active members was updated to RP-2014 Blue Collar Mortality Table with fully generational projection and a five year age set-back for both males and females, (7) mortality among service retired members, and beneficiaries was updated to the following RP-2014 Blue Collar Mortality Table with fully generational projection with Scale BB, 120% of male rates, and 110% of female rates and (8) mortality among disabled members was updated to RP-2000 Disabled Mortality Table, 90% for male rates and 100% for female rates, set back five years is used for the period after disability retirement.

Note 3 – STRS Change in Assumptions

Changes in benefit terms: There were no changes in benefit terms from the amounts reported for fiscal years 2014 - 2017.

Changes in assumptions: There were no changes in methods and assumptions used in the calculation of actuarial determined contributions for fiscal years 2014 - 2017. See the notes to the basic financials for the methods and assumptions in this calculation.

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**GREENON LOCAL SCHOOL DISTRICT
CLARK COUNTY**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Federal CFDA Number	Pass Through Entity Identifying Number	(1) Federal Expenditures	Non-Cash Expenditures
U.S. DEPARTMENT OF AGRICULTURE				
<i>Passed Through Ohio Department of Education</i>				
Child Nutrition Cluster:				
School Breakfast Program	10.553	N/A	\$96,910	
National School Lunch Program:				
Cash Assistance	10.555	N/A	240,387	
Non-Cash Assistance (Food Distribution)				\$37,706
Total National School Lunch Program			<u>240,387</u>	<u>37,706</u>
Total Child Nutrition Cluster			<u>337,297</u>	<u>37,706</u>
Team Nutrition Grants	10.574	N/A	1,995	
Total U.S. Department of Agriculture			<u>339,292</u>	<u>37,706</u>
U.S. DEPARTMENT OF EDUCATION				
<i>Passed Through Ohio Department of Education</i>				
Title I Grants to Local Educational Agencies	84.010	N/A	283,257	
Special Education Cluster (IDEA):				
Special Education_Grants to States	84.027	N/A	<u>333,343</u>	
Total Special Education Cluster (IDEA)			<u>333,343</u>	
Supporting Effective Instruction State Grants (formerly Improving Teacher Quality State Grants)	84.367	N/A	40,459	
Total U.S. Department of Education			<u>657,059</u>	
Total Federal Financial Assistance			<u>\$996,351</u>	<u>\$37,706</u>

(1) There were no amounts passed through to subrecipients.

The accompanying notes are an integral part of this schedule.

**GREENON LOCAL SCHOOL DISTRICT
CLARK COUNTY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
2 CFR 200.510(b)(6)
FOR THE FISCAL YEAR ENDED JUNE 30, 2017**

NOTE A – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) includes the federal award activity of the Greenon Local School District (the District's) under programs of the federal government for the year ended June 30, 2017. 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 or changes in net position 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 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 program that benefitted from the use of those donated food commodities.



Dave Yost • Auditor of State

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

Greenon Local School District
Clark County
500 South Xenia Drive
Enon, Ohio 45323

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 Greenon Local School District, Clark County, (the District) as of and for the fiscal year ended June 30, 2017, 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 20, 2018.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, opining on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed 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 report is not suitable for any other purpose.

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

Dave Yost
Auditor of State
Columbus, Ohio

March 20, 2018



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

Greenon Local School District
Clark County
500 South Xenia Drive
Enon, Ohio 45323

To the Board of Education:

Report on Compliance for the Major Federal Program

We have audited the Greenon 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 Greenon Local School District's major federal program for the fiscal year ended June 30, 2017. 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 programs.

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 Greenon Local School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect its major federal program for the fiscal year ended June 30, 2017.

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 the 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 20, 2018

**GREENON LOCAL SCHOOL DISTRICT
CLARK COUNTY**

**SCHEDULE OF FINDINGS
2 CFR § 200.515
JUNE 30, 2017**

1. SUMMARY OF AUDITOR'S RESULTS

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

**GREENON LOCAL SCHOOL DISTRICT
CLARK COUNTY**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
2 CFR 200.511(b)
JUNE 30, 2017**

Finding Number	Finding Summary	Status	Additional Information
2016-001	Significant Deficiency – Financial Reporting	Corrective Action Taken and Finding is Fully Corrected	N/A



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GREENON LOCAL SCHOOL DISTRICT

CLARK 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 29, 2018**