



Dave Yost • Auditor of State

**GREEN LOCAL SCHOOL DISTRICT
SUMMIT COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Auditor's Report	1
Management's Discussion and Analysis.....	5
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position.....	13
Statement of Activities.....	14
Fund Financial Statements:	
Balance Sheet – Governmental Funds	15
Reconciliation of Total Governmental Fund Balances to Net Position of Governmental Activities.....	16
Statement of Revenues, Expenditures and Changes in Fund Balances Governmental Funds	17
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	18
Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual - General Fund.....	19
Statement of Fiduciary Net Position - Fiduciary Funds.....	20
Statement of Changes in Fiduciary Net Position Private Purpose Trust Fund	21
Notes to the Basic Financial Statements	22
Schedule of Federal Awards Receipts and Expenditures.....	49
Notes to the Schedule of Federal Awards Receipts and Expenditures	50
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i>	51
Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control Over Compliance Required by OMB Circular A-133	53
Schedule of Findings.....	57

THIS PAGE INTENTIONALLY LEFT BLANK



Dave Yost • Auditor of State

INDEPENDENT AUDITOR'S REPORT

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

To the Board of Education:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Green Local School District, Summit County, Ohio (the District), as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Green Local School District, Summit County, Ohio, as of June 30, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and the budgetary comparison for the General Fund for the year then ended in accordance with the accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note 4A to the financial statements, during the year ended June 30, 2014, the District adopted the provisions of Governmental Accounting Standard No. 65, *Items Previously Reported as Assets and Liabilities*. We did not modify our opinion regarding this matter.

Other Matters

Required Supplementary Information

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

Supplementary and Other Information

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

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 18, 2015, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

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

Dave Yost
Auditor of State
Columbus, Ohio

March 18, 2015

THIS PAGE INTENTIONALLY LEFT BLANK

Green Local School District
Summit County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
(Unaudited)

The discussion and analysis of the Green Local School District's (the School District) financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2014. The intent of this discussion and analysis is to look at the School District's performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2014 are as follows:

- Net position increased \$7,198,674, which represents a 288 percent increase from 2013. This increase is primarily due to the emergency levy that passed in 2012, which increases property tax revenue, without a corresponding increase in expenses.
- Capital assets decreased \$1,219,751 during fiscal year 2014 due to depreciation exceeding additions.
- During the year, outstanding debt decreased from \$20,501,316 to \$19,196,316 due to principal payments exceeding new debt issuance.

Using this Annual Report

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

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

Reporting the School District as a Whole

Statement of Net Position and the Statement of Activities

While the basic financial statements contain the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2014?" The *Statement of Net Position* and the *Statement of Activities* answer this question. These statements include all assets, deferred outflows of resources, liabilities and deferred inflows of resources using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

Green Local School District
Summit County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
(Unaudited)

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

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

The major funds financial statements begin on page 15. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions; however, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the general fund, debt service fund and permanent improvement fund.

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

Reporting the School District's Fiduciary Responsibilities

The School District is the trustee, or fiduciary, for some of its scholarship programs. This activity is presented as a private purpose trust fund. The School District also acts in a trustee capacity as an agent for individuals, private organizations, other governmental units and/or other funds. These activities are reported in one agency fund. The School District's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position on pages 20 and 21. These activities are excluded from the School District's other financial statements because the assets cannot be utilized by the School District to finance its operations.

Green Local School District
Summit County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
(Unaudited)

The School District as a Whole

Recall that the Statement of Net Position provides the perspective of the School District as a whole. Table 1 provides a summary of the School District's net position for 2014 compared to 2013:

Table 1
Net Position

	Governmental Activities	
	2014	2013 Restated
Assets		
Current and Other Assets	\$ 34,243,969	\$ 29,697,069
Capital Assets	37,067,618	38,287,369
<i>Total Assets</i>	<u>71,311,587</u>	<u>67,984,438</u>
Deferred Outflows of Resources	<u>59,422</u>	<u>69,325</u>
Liabilities		
Other Liabilities	7,563,652	8,524,621
Long-Term Liabilities	32,416,881	32,878,577
<i>Total Liabilities</i>	<u>39,980,533</u>	<u>41,403,198</u>
Deferred Inflows of Resources	<u>21,692,644</u>	<u>24,151,407</u>
Net Position		
Net Investment in Capital Assets	21,028,215	20,522,047
Restricted	4,710,263	1,735,522
Unrestricted	(16,040,646)	(19,758,411)
<i>Total Net Position</i>	<u>\$ 9,697,832</u>	<u>\$ 2,499,158</u>

At year end, capital assets represented 52 percent of total assets. Capital assets include, land, construction in progress, buildings and improvements, furniture and equipment and vehicles. Net investment in capital assets was \$21,028,215 at June 30, 2014. These capital assets are used to provide services to students and are not available for future spending. Although the School District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets may not be used to liquidate these liabilities.

A portion of the School District's net position, \$4,710,263, or 49 percent, represents resources that are subject to external restrictions on how they may be used.

There was a \$4,546,900 increase in current and other assets. This was because of an increase in cash and cash equivalents due to unspent debt proceeds, as well as an increase in property tax revenue, resulting from the emergency tax levy passed in May 2012. Long-term liabilities decreased \$461,696 from fiscal year 2013, primarily due to principal payments made on debt obligations. There was a \$2,458,763 decrease in deferred inflows of resources due to an increase in property tax available for advance.

Green Local School District
Summit County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
(Unaudited)

Table 2 shows the changes in net position for fiscal year 2014 and 2013.

Table 2
Changes in Net Position

	Governmental Activities	
	2014	2013*
Revenues		
<i>Program Revenues:</i>		
Charges for Services	\$ 2,302,575	\$ 2,423,303
Operating Grants	2,055,515	1,839,540
Capital Grants	807,537	786,965
<i>Total Program Revenues</i>	<u>5,165,627</u>	<u>5,049,808</u>
<i>General Revenues:</i>		
Property Taxes	27,907,194	23,746,068
Grants and Entitlements Not Restricted	14,815,743	13,995,532
Other	330,786	222,043
<i>Total General Revenues</i>	<u>43,053,723</u>	<u>37,963,643</u>
<i>Total Revenues</i>	<u>48,219,350</u>	<u>43,013,451</u>
Program Expenses		
Instruction:		
Regular	16,841,009	16,901,574
Special	5,518,764	6,573,451
Vocational	137,818	151,513
Student Intervention Services	62,752	70,492
Other	1,667,924	1,447,971
Support Services:		
Pupils	2,636,154	2,611,344
Instructional Staff	1,522,329	1,964,906
Board of Education	25,158	27,003
Administration	2,788,193	2,985,177
Fiscal	1,213,756	1,249,830
Business	215,303	202,581
Operation and Maintenance of Plant	3,063,379	3,034,604
Pupil Transportation	2,107,593	2,130,902
Central	25,569	8,546
Operation of Non-Instructional Services:		
Food Service Operations	1,066,452	1,059,113
Community Services	129,775	138,130
Extracurricular Activities	1,344,657	1,391,324
Debt Service:		
Interest and Fiscal Charges	654,091	413,382
<i>Total Expenses</i>	<u>41,020,676</u>	<u>42,361,843</u>
<i>Increase (Decrease) in Net Position</i>	<u>\$ 7,198,674</u>	<u>\$ 651,608</u>

* 2013 column was not restated for changes in fund classification noted in Note 4. These activities are deemed insignificant and would not impact the entity-wide analysis.

Green Local School District
Summit County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
(Unaudited)

Total revenue increased \$5,205,899 from fiscal year 2013. Property tax revenue showed an increase of \$4,161,126, primarily due to the passage of an emergency levy in 2013. There was a full year of tax revenue collected in fiscal year 2014, whereas there was only a half year collected in fiscal year 2013. There was also a large increase in the amount available for advance.

The School District saw a \$1,054,687 decrease in expenditures in special education during fiscal year 2014. This is primarily due to the claims settlement payable that was recorded in fiscal year 2013. There was also a \$442,577 decrease in instructional staff due to the re-coding of expenses in accordance with the revised expenditure standards approved by the State Board of Education on December 11, 2012. The expenditure standards revisions addressed operating expenditures and classroom instruction versus non-classroom expenditures.

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

Table 3
Governmental Activities

	Total Cost of Service		Net Cost of Service	
	2014	2013*	2014	2013*
Instruction:				
Regular	\$ 16,841,009	\$ 16,901,574	\$ 15,700,192	\$ 15,837,045
Special	5,518,764	6,573,451	4,911,215	5,777,733
Vocational	137,818	151,513	137,818	151,513
Student Intervention Services	62,752	70,492	62,752	70,492
Other	1,667,924	1,447,971	1,667,924	1,447,971
Support Services:				
Pupils	2,636,154	2,611,344	1,547,146	1,678,083
Instructional Staff	1,522,329	1,964,906	1,379,132	1,932,031
Board of Education	25,158	27,003	25,158	27,003
Administration	2,788,193	2,985,177	2,788,193	2,973,785
Fiscal	1,213,756	1,249,830	1,213,756	1,249,830
Business	215,303	202,581	215,303	202,581
Operation and Maintenance of Plant	3,063,379	3,034,604	2,681,580	2,657,895
Pupil Transportation	2,107,593	2,130,902	2,107,593	2,130,902
Central	25,569	8,546	25,569	8,546
Operation of Non-Instructional Services:				
Food Service Operations	1,066,452	1,059,113	(6,337)	(20,900)
Community Services	129,775	138,130	(9,655)	13,011
Extracurricular Activities	1,344,657	1,391,324	753,619	761,132
Debt Service:				
Interest and Fiscal Charges	654,091	413,382	654,091	413,382
<i>Total Expenses</i>	\$ 41,020,676	\$ 42,361,843	\$ 35,855,049	\$ 37,312,035

* 2013 column was not restated for changes in fund classification noted in Note 4. These activities are deemed insignificant and would not impact the entity-wide analysis.

Green Local School District
Summit County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
(Unaudited)

The dependence upon general revenues for governmental activities is apparent. Over 89 percent of governmental activities are supported through taxes and other general revenues. The community, as a whole, is by far the primary support for the School District students.

Governmental Funds

Information about the School District's major funds starts on page 15. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$47,807,516, and expenditures of \$41,544,239 for fiscal year 2014.

The general fund's net change in fund balance for fiscal year 2014 was an increase of \$5,075,067. Revenue increased \$4,809,111. This was primarily caused by a \$1,081,397 increase in intergovernmental revenue due to an increase in State foundation receipts, as well as a \$3,632,789 increase in property tax revenue. This increase is due to the emergency levy that passed in May, 2012; the District collected a full year of tax revenue for this levy in fiscal year 2014 whereas they only collected a half year in fiscal year 2013. Expenditures also saw a decrease of \$687,284 as spending cuts were enforced throughout the district.

The fund balance of the debt service fund increased by \$149,519 due to the timing of revenues to cover debt payments.

The fund balance of the permanent improvement fund increased by \$1,432,346 as a result of the timing difference of the collection of taxes as compared to project expenditures.

General Fund Budgeting Highlights

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

During the course of fiscal year 2014, the School District did amend its general fund budget a few times. The School District uses site-based budgeting and budgeting systems are designed to tightly control total site budgets but provide flexibility for site management

For the general fund, actual budget basis revenue was \$35,583,944, which was higher than the final budget basis revenue by \$2,157.

Final expenditure appropriations of \$36,800,859 were \$2,041,599 higher than the actual expenditures of \$34,759,260, as cost savings were recognized for instruction and student support services throughout the year. This variance was primarily due to a conservative budget for the impact of the renewal emergency tax levy.

Green Local School District
Summit County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
(Unaudited)

Capital Assets and Debt Administration

Capital Assets

At the end of fiscal year 2014, the School District had \$37,067,618 invested in capital assets. Table 4 shows fiscal year 2014 balances compared with 2013.

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

	Governmental Activities	
	2014	2013
Land	\$ 1,031,143	\$ 1,031,143
Construction in Progress	437,669	0
Buildings and Improvements	33,702,661	35,098,830
Furniture and Equipment	872,513	999,969
Vehicles	1,023,632	1,157,427
<i>Totals</i>	<u>\$ 37,067,618</u>	<u>\$ 38,287,369</u>

The \$1,219,751 decrease in capital assets was attributable to depreciation exceeding additional purchases and construction in progress. See Note 9 for more information about the capital assets of the School District.

Debt

At June 30, 2014, the School District had \$19,196,316 in debt outstanding. See Note 14 for additional details. Table 5 summarizes bonds, notes and leases outstanding.

Table 5
Outstanding Debt at Year End

	Governmental Activities	
	2014	2013
2009 Bond Refunding	\$ 8,455,000	\$ 9,715,000
Premium on Debt Issuance	204,172	238,201
Learning Center Obligation	7,001,984	7,286,561
Energy Conservation Bond	1,718,541	0
Capital Lease	483,285	594,887
Notes Payable	1,333,334	2,666,667
<i>Total</i>	<u>\$ 19,196,316</u>	<u>\$ 20,501,316</u>

Green Local School District
Summit County, Ohio
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2014
(Unaudited)

Current Issues

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

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

Thus, Green Local School District's dependence upon property taxes is hampered by a lack of revenue growth and must regularly return to the voters to maintain a constant level of service. Property taxes made up 56 percent of revenues for governmental activities for the Green Local School District in fiscal year 2014.

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

Green Local Schools received a 6 percent increase in State foundation dollars in fiscal year 2014 and a 10 percent increase in fiscal year 2015. This resulted in over \$1.6 million in additional revenue for the School District. The School District also currently receives slightly over \$200,000 in casino revenue.

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

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

Contacting the School District's Financial Management

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

Green Local School District
Summit County, Ohio
Statement of Net Position
June 30, 2014

	Governmental Activities
Assets	
Equity in Pooled Cash and Cash Equivalents	\$ 7,985,897
Receivables:	
Accounts	14,328
Intergovernmental	581,498
Property Taxes	25,662,246
Nondepreciable Capital Assets	1,468,812
Depreciable Capital Assets (Net)	35,598,806
<i>Total Assets</i>	71,311,587
 Deferred Outflows of Resources	
Deferred Charges on Refunding	59,422
 Liabilities	
Accounts Payable	281,310
Accrued Wages and Benefits	4,197,729
Contracts Payable	437,669
Intergovernmental Payable	1,062,285
Accrued Vacation Leave Payable	149,247
Matured Compensated Absences Payable	32,462
Accrued Interest Payable	69,616
Notes Payable	1,333,334
Long Term Liabilities:	
Due Within One Year	2,514,213
Due In More Than One Year	29,902,668
<i>Total Liabilities</i>	39,980,533
 Deferred Inflows of Resources	
Property Taxes Levied for the Next Year	21,692,644
 Net Position	
Net Investment in Capital Assets	21,028,215
Restricted For:	
Capital Outlay	3,552,465
Debt Service	911,352
Other Purposes	246,446
Unrestricted	(16,040,646)
<i>Total Net Position</i>	\$ 9,697,832

See accompanying notes to the basic financial statements.

Green Local School District
Summit County, Ohio
Statement of Activities
For the Fiscal Year Ended June 30, 2014

	Expenses	Program Revenues			Net (Expense)
		Charges for Services and Sales	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position
					Governmental Activities
Governmental Activities					
Instruction:					
Regular	\$ 16,841,009	\$ 1,127,581	\$ 13,236	\$ 0	\$ (15,700,192)
Special	5,518,764	152,785	454,764	0	(4,911,215)
Vocational	137,818	0	0	0	(137,818)
Student Intervention Services	62,752	0	0	0	(62,752)
Other	1,667,924	0	0	0	(1,667,924)
Support Services:					
Pupils	2,636,154	256,192	832,816	0	(1,547,146)
Instructional Staff	1,522,329	0	143,197	0	(1,379,132)
Board of Education	25,158	0	0	0	(25,158)
Administration	2,788,193	0	0	0	(2,788,193)
Fiscal	1,213,756	0	0	0	(1,213,756)
Business	215,303	0	0	0	(215,303)
Operation and Maintenance of Plant	3,063,379	0	0	381,799	(2,681,580)
Pupil Transportation	2,107,593	0	0	0	(2,107,593)
Central	25,569	0	0	0	(25,569)
Operation of Non-Instructional Services:					
Food Service Operations	1,066,452	600,717	472,072	0	6,337
Community Services	129,775	0	139,430	0	9,655
Extracurricular Activities	1,344,657	165,300	0	425,738	(753,619)
Debt Service:					
Interest and Fiscal Charges	654,091	0	0	0	(654,091)
Total	\$ 41,020,676	\$ 2,302,575	\$ 2,055,515	\$ 807,537	(35,855,049)

General Revenues

Property Taxes Levied for:

General Purposes	23,229,063
Debt Service	1,565,741
Capital Outlay	3,112,390
Grants and Entitlements Not Restricted to Specific Programs	14,815,743
Investment Earnings	5,858
Miscellaneous	324,928
Total General Revenues	43,053,723

Change in Net Position

7,198,674

Net Position Beginning of Year - Restated, See Note 4-A

2,499,158

Net Position End of Year

\$ 9,697,832

See accompanying notes to the basic financial statements.

Green Local School District
Summit County, Ohio
Balance Sheet
Governmental Funds
June 30, 2014

	General	Debt Service	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Assets					
Equity in Pooled Cash and Cash Equivalents	\$ 3,297,730	\$ 717,432	\$ 2,069,819	\$ 1,900,916	\$ 7,985,897
Receivables:					
Accounts	14,328	0	0	0	14,328
Interfund	5,545	0	0	0	5,545
Intergovernmental	333,183	0	0	248,315	581,498
Property Taxes	20,022,091	2,771,767	2,868,388	0	25,662,246
<i>Total Assets</i>	<u>\$ 23,672,877</u>	<u>\$ 3,489,199</u>	<u>\$ 4,938,207</u>	<u>\$ 2,149,231</u>	<u>\$ 34,249,514</u>
Liabilities					
Accounts Payable	\$ 219,886	\$ 0	\$ 58,340	\$ 3,084	\$ 281,310
Accrued Wages and Benefits	4,018,655	0	62,067	117,007	4,197,729
Contracts Payable	0	0	0	437,669	437,669
Intergovernmental Payable	1,019,780	0	11,655	30,850	1,062,285
Matured Compensated Absences Payable	32,462	0	0	0	32,462
Interfund Payable	0	0	0	5,545	5,545
Notes Payable	1,333,334	0	0	0	1,333,334
<i>Total Liabilities</i>	<u>6,624,117</u>	<u>0</u>	<u>132,062</u>	<u>594,155</u>	<u>7,350,334</u>
Deferred Inflows of Resources					
Property Taxes Levied for the Next Year	16,718,494	2,551,002	2,423,148	0	21,692,644
Unavailable Revenue	505,691	18,800	37,916	102,105	664,512
<i>Total Deferred Inflows of Resources</i>	<u>17,224,185</u>	<u>2,569,802</u>	<u>2,461,064</u>	<u>102,105</u>	<u>22,357,156</u>
Fund Balances					
Restricted	0	919,397	2,345,081	1,512,959	4,777,437
Unassigned	(175,425)	0	0	(59,988)	(235,413)
<i>Total Fund Balances</i>	<u>(175,425)</u>	<u>919,397</u>	<u>2,345,081</u>	<u>1,452,971</u>	<u>4,542,024</u>
<i>Total Liabilities, Deferred Inflows of Resources and Fund Balances</i>	<u>\$ 23,672,877</u>	<u>\$ 3,489,199</u>	<u>\$ 4,938,207</u>	<u>\$ 2,149,231</u>	<u>\$ 34,249,514</u>

See accompanying notes to the basic financial statements.

Green Local School District
Summit County, Ohio
Reconciliation of Total Governmental Fund Balances to
Net Position of Governmental Activities
June 30, 2014

Total Governmental Fund Balances		\$ 4,542,024
 <i>Amounts reported for governmental activities in the statement of net position are different because:</i>		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		37,067,618
Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		
Property Taxes	\$ 338,805	
Excess Costs	223,602	
Intergovernmental	102,105	
Total	664,512	664,512
In the statement of activities, interest is accrued on outstanding bonds, whereas in the governmental funds, an interest expenditure is not reported.		(69,616)
In the statement of activities, a loss on refunding is amortized over the term of the bonds, whereas in governmental funds a refunding loss is reported when bonds are issued.		59,422
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.		
Learning Center Obligation	(7,001,984)	
General Obligation Bonds	(10,377,713)	
Capital Lease Obligation	(483,285)	
Claims Settlement Payable	(489,278)	
Compensated Absences	(1,796,292)	
Vacations Payable	(149,247)	
Unearned Revenue-Long Term (See Note 14)	(12,268,329)	(32,566,128)
 <i>Net Position of Governmental Activities</i>		 \$ 9,697,832

See accompanying notes to the basic financial statements.

Green Local School District
Summit County, Ohio
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Fiscal Year Ended June 30, 2014

	General	Debt Service	Permanent Improvement	Other Governmental Funds	Total Governmental Funds
Revenues					
Property and Other Local Taxes	\$ 23,329,929	\$ 1,573,187	\$ 3,125,478	\$ 0	\$ 28,028,594
Intergovernmental	14,496,498	220,695	480,348	1,965,800	17,163,341
Investment Income	5,770	0	0	88	5,858
Tuition and Fees	1,100,793	0	0	0	1,100,793
Extracurricular Activities	384,975	0	0	161,828	546,803
Rentals	13,888	0	0	0	13,888
Charges for Services	5,364	0	0	600,717	606,081
Contributions and Donations	230	0	17,000	0	17,230
Miscellaneous	313,624	0	0	11,304	324,928
<i>Total Revenues</i>	<u>39,651,071</u>	<u>1,793,882</u>	<u>3,622,826</u>	<u>2,739,737</u>	<u>47,807,516</u>
Expenditures					
Current:					
Instruction:					
Regular	15,434,198	0	43,026	31,619	15,508,843
Special	5,268,023	0	3,537	413,697	5,685,257
Vocational	153,274	0	0	0	153,274
Student Intervention Services	62,752	0	0	0	62,752
Other	1,667,724	0	0	0	1,667,724
Support Services:					
Pupils	1,880,505	0	0	748,103	2,628,608
Instructional Staff	949,542	0	409,854	149,833	1,509,229
Board of Education	25,158	0	0	0	25,158
Administration	2,556,677	0	129,311	0	2,685,988
Fiscal	1,122,078	29,813	59,177	0	1,211,068
Business	219,953	0	0	0	219,953
Operation and Maintenance of Plant	2,461,366	0	377,547	0	2,838,913
Pupil Transportation	1,846,564	0	143,241	0	1,989,805
Central	6,695	0	18,874	0	25,569
Extracurricular Activities	872,695	0	109,711	167,147	1,149,553
Operation of Non-Instructional Services:					
Food Service Operations	0	0	0	1,055,549	1,055,549
Community Services	0	0	0	129,775	129,775
Capital Outlay	0	0	231,525	437,669	669,194
Debt Service:					
Principal Retirement	0	1,260,000	396,179	0	1,656,179
Interest and Fiscal Charges	48,800	354,550	268,498	0	671,848
<i>Total Expenditures</i>	<u>34,576,004</u>	<u>1,644,363</u>	<u>2,190,480</u>	<u>3,133,392</u>	<u>41,544,239</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>5,075,067</u>	<u>149,519</u>	<u>1,432,346</u>	<u>(393,655)</u>	<u>6,263,277</u>
Other Financing Sources (Uses)					
Proceeds of General Obligation Bonds	0	0	0	1,718,541	1,718,541
<i>Net Change in Fund Balance</i>	5,075,067	149,519	1,432,346	1,324,886	7,981,818
<i>Fund Balances Beginning of Year - Restated, See Note 4-A</i>	<u>(5,250,492)</u>	<u>769,878</u>	<u>912,735</u>	<u>128,085</u>	<u>(3,439,794)</u>
<i>Fund Balances End of Year</i>	<u>\$ (175,425)</u>	<u>\$ 919,397</u>	<u>\$ 2,345,081</u>	<u>\$ 1,452,971</u>	<u>\$ 4,542,024</u>

See accompanying notes to the basic financial statements.

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

*Reconciliation of the Statement of Revenues, Expenditures and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
For the Fiscal Year Ended June 30, 2014*

Net Change in Fund Balances - Total Governmental Funds	\$	7,981,818
 <i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation exceeded additions in the current period.		
Capital Asset Additions	\$ 487,321	
Current Year Depreciation	<u>(1,707,072)</u>	(1,219,751)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Unearned Revenue	408,738	
Property Taxes	(121,400)	
Excess Costs	34,782	
Intergovernmental	<u>89,714</u>	411,834
Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
General Obligation Bonds	1,260,000	
Learning Center Obligation	284,577	
Capital Leases	<u>111,602</u>	1,656,179
Debt proceeds issued in the governmental funds that increase long-term in the statement of net position are not reported as revenues.		
General Obligation Bonds		(1,718,541)
In the statement of activities, interest is accrued on outstanding bonds, and bond premium and gain/loss on refunding are amortized over the term of the bonds, whereas in governmental funds, an interest expenditure is reported when bonds are issued.		
Accrued Interest Payable	(6,369)	
Amortization of Premium on Bonds	34,029	
Amortization of Refunding Loss	<u>(9,903)</u>	17,757
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	(90,468)	
Vacations Payable	(11,913)	
Claims Settlement Payable	<u>171,759</u>	<u>69,378</u>
<i>Change in Net Position of Governmental Activities</i>	\$	<u><u>7,198,674</u></u>

See accompanying notes to the basic financial statements.

Green Local School District
Summit County, Ohio
Statement of Revenues, Expenditures, and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual
General Fund
For the Fiscal Year Ended June 30, 2014

	Budgeted Amounts			Variance with Final Budget Over (Under)
	Original	Final	Actual	
Revenues				
Property and Other Local Taxes	\$ 18,837,613	\$ 19,887,704	\$ 19,883,698	\$ (4,006)
Intergovernmental	13,642,453	14,402,944	14,400,042	(2,902)
Investment Income	5,466	5,771	5,770	(1)
Tuition and Fees	1,042,477	1,100,590	1,100,368	(222)
Extracurricular Activities	79,590	84,027	84,010	(17)
Rentals	4,287	4,526	4,525	(1)
Contributions and Donations	218	230	230	0
Miscellaneous	90,927	95,995	105,301	9,306
Total Revenues	33,703,031	35,581,787	35,583,944	2,157
Expenditures				
Current:				
Instruction:				
Regular	15,715,952	16,338,597	15,432,182	906,415
Special	5,424,870	5,639,797	5,326,918	312,879
Vocational	166,026	172,604	163,028	9,576
Student Intervention Services	63,906	66,438	66,752	3,686
Other	1,730,514	1,799,075	1,699,268	99,807
Support Services:				
Pupils	1,735,829	1,804,601	1,704,487	100,114
Instructional Staff	984,887	1,023,907	967,104	56,803
Board of Education	32,612	33,904	32,023	1,881
Administration	2,659,430	2,764,793	2,611,411	153,382
Fiscal	1,148,609	1,194,116	1,127,870	66,246
Business	228,522	237,576	224,396	13,180
Operation and Maintenance of Plant	2,695,781	2,802,585	2,647,106	155,479
Pupil Transportation	1,926,126	2,002,437	1,891,348	111,089
Central	6,818	7,088	6,695	393
Extracurricular Activities	878,535	913,341	862,672	50,669
Total Expenditures	35,398,417	36,800,859	34,759,260	2,041,599
<i>Excess of Revenues Over (Under) Expenditures</i>	<i>(1,695,386)</i>	<i>(1,219,072)</i>	<i>824,684</i>	<i>2,043,756</i>
Other Financing Sources (Uses)				
Refund of Prior Year Expenditures	267,735	282,660	282,603	(57)
Net Change in Fund Balance	(1,427,651)	(936,412)	1,107,287	2,043,699
<i>Fund Balance Beginning of Year</i>	<i>1,061,900</i>	<i>1,061,900</i>	<i>1,061,900</i>	<i>0</i>
Prior Year Encumbrances Appropriated	447,319	447,319	447,319	0
Fund Balance End of Year	\$ 81,568	\$ 572,807	\$ 2,616,506	\$ 2,043,699

See accompanying notes to the basic financial statements.

Green Local School District
Summit County, Ohio
Statement of Fiduciary Net Position
Fiduciary Funds
June 30, 2014

	Private Purpose Trust	Agency
Assets		
Equity in Pooled Cash and Cash Equivalents	\$ 2,669	\$ 181,118
Liabilities		
Accounts Payable	0	\$ 3,118
Undistributed Monies	0	178,000
<i>Total Liabilities</i>	0	\$ 181,118
Net Position		
Held in Trust for Scholarships	\$ 2,669	

See accompanying notes to the basic financial statements.

Green Local School District
Summit County, Ohio
Statement of Changes in Fiduciary Net Position
Private Purpose Trust Fund
For the Fiscal Year Ended June 30, 2014

	<u>Private Purpose Trust</u>
Deductions	
Payments in Accordance with Trust Agreements	<u>\$ 1,000</u>
<i>Change in Net Position</i>	(1,000)
<i>Net Position Beginning of Year</i>	<u>3,669</u>
<i>Net Position End of Year</i>	<u><u>\$ 2,669</u></u>

See accompanying notes to the basic financial statements.

Green Local School District
Summit County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

NOTE 1 – DESCRIPTION OF THE SCHOOL DISTRICT

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

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

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

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

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

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Basis of Presentation

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

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

Green Local School District
Summit County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

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

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

B. Fund Accounting

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

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

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

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

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

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

Green Local School District
Summit County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

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

C. Measurement Focus

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

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

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

D. Basis of Accounting

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

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

Green Local School District
Summit County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

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

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

Deferred Inflows of Resources and Deferred Outflows of Resources A deferred inflow of resources is an acquisition of assets by the School District that is applicable to a future reporting period. A deferred outflow of resources is a consumption of assets by the School District that is applicable to a future reporting period.

Property taxes for which there is an enforceable legal claim as of June 30, 2014, but which were levied to finance fiscal year 2015 operations, and other revenues received in advance of the year for which they were intended to finance, have been recorded as deferred inflows of resources. Grants and entitlements received before the eligibility requirements are met and delinquent property taxes due at June 30, 2014, are recorded as deferred inflows of resources in governmental funds.

On governmental fund financial statements, receivables that will not be collected within the available period have been reported as a deferred inflow of resources.

On the accrual basis of accounting, unamortized deferred charges on debt refunding are reported as a deferred outflow of resources. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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

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

E. Cash and Cash Equivalents

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

Green Local School District
Summit County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

During fiscal year 2014, the School District had investments in STAR Ohio, (the State Treasurer's Investment Pool) and a repurchase agreement. See Note 6 for a full listing of the School District's investments. Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investments contracts such as overnight repurchase agreements are reported at cost.

STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 2014.

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

Following Ohio statutes, the Board of Education has, by resolutions, identified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2014 amounted to \$5,770, which included \$3,417 assigned from other School District funds.

F. Capital Assets

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

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

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

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

Green Local School District
Summit County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

G. Compensated Absences

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

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

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

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

H. Accrued Liabilities and Long-term Obligations

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

I. Net Position

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

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

Green Local School District
Summit County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

J. Fund Balance

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

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

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

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

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

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

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

Green Local School District
Summit County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

K. Interfund Activity

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

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

L. Extraordinary and Special Items

Extraordinary items are transactions or events that are both unusual in the nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2014.

M. 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.

N. Budgetary Data

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

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2014.

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

Green Local School District
Summit County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

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

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

NOTE 3 – FUND BALANCE

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

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

	General Fund	Debt Service Fund	Permanent Improvement Fund	Other Governmental Funds	Total
Restricted for:					
Debt Service	\$ 0	\$ 919,397	\$ 0	\$ 0	\$ 919,397
Capital Outlay	0	0	2,345,081	1,280,872	3,625,953
Extracurricular	0	0	0	6,493	6,493
Food Service	0	0	0	99,751	99,751
Other Purposes	0	0	0	125,843	125,843
Total Restricted	<u>0</u>	<u>919,397</u>	<u>2,345,081</u>	<u>1,512,959</u>	<u>4,777,437</u>
Unassigned (Deficit)	<u>(175,425)</u>	<u>0</u>	<u>0</u>	<u>(59,988)</u>	<u>(235,413)</u>
Total Fund Balance (Deficit)	<u>\$ (175,425)</u>	<u>\$ 919,397</u>	<u>\$ 2,345,081</u>	<u>\$ 1,452,971</u>	<u>\$ 4,542,024</u>

NOTE 4 – ACCOUNTABILITY

A. Implementation of New Accounting Principles and Restatement of Fund Balance

For the fiscal year ended June 30, 2014, the District re-evaluated the classification of its funds. This resulted in a change to the classification of certain special cost centers of the rotary fund.

For the fiscal year ended June 30, 2014, the School District has also implemented Governmental Accounting Standards Board (GASB) Statement No. 65, *Items Previously Reported as Assets and Liabilities*, GASB Statement No. 66, *Technical Corrections—2012—an amendment of GASB Statements No. 10 and No. 62*, and GASB Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees*.

Green Local School District
Summit County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

GASB Statement No. 65 properly classifies certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources or recognizes certain items that were previously reported as assets and liabilities as outflows of resources (expenses or expenditures) or inflows of resources (revenues). The implementation of GASB Statement No. 65 resulted in debt issuance costs being expensed rather than being deferred. This, along with the fund reclassification mentioned above, had the following effect on net position and fund balance as previously reported:

	Governmental Activities
Previously Reported Net Position	\$ 2,663,008
Unamortized Debt Issuance Costs	(162,516)
Reclassification of funds	(1,334)
Restated Net Position, June 30, 2013	\$ 2,499,158

	General	Other Governmental Funds
Previously Reported Fund Balance	\$ (5,264,758)	\$ 117,550
Reclassification of funds	14,266	10,535
Restated Fund Balance, June 30, 2013	\$ (5,250,492)	\$ 128,085

GASB Statement No. 66 resolves conflicting accounting and financial reporting guidance that could diminish the consistency of financial reporting and thereby enhance the usefulness of the financial reports. The implementation of GASB Statement No. 66 did not have an effect on the financial statements of the School District.

GASB Statement No. 70 improves comparability of financial statements by requiring consistent reporting and specifying information required to be disclosed for extending and receiving nonexchange financial guarantees. The implementation of GASB Statement No. 70 did not have an effect on the financial statements of the School District.

Green Local School District
Summit County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

B. Deficit Fund Balance

Fund balances at June 30, 2014 included the following individual fund deficits:

	<u>Fund Balance</u>
General Fund	\$ 175,425
Nonmajor Governmental Funds:	
Miscellaneous State Grants	11,135
Title I	48,853

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

NOTE 5 – BUDGETARY BASIS OF ACCOUNTING

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

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

Green Local School District
Summit County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

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

Net Change in Fund Balance

	General Fund
GAAP Basis	\$ 5,075,067
Net Adjustment for Revenue Accruals	(3,476,759)
Net Adjustment for Expenditure Accruals	(17,187)
Funds Budgeted Elsewhere **	(12,388)
Adjustment for Encumbrances	(461,446)
Budget Basis	\$ 1,107,287

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

NOTE 6 – DEPOSITS AND INVESTMENTS

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

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

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

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

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

Green Local School District
Summit County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

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

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

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

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

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

Green Local School District
Summit County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Deposits - At fiscal year end, the carrying amount of the School District's deposits was \$(103,579). Based on criteria described in GASB 40, *Deposits and Investments Risk Disclosure*, as of June 30, 2014, 100 percent of the bank balance of \$14,835 was covered by FDIC.

Investments – Investments are reported at fair value, based on stated market rates at June 30, 2014. STAR Ohio is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form. As of June 30, 2014, the School District had the following investments:

Standard & Poors Rating		Fair Value	Investment Maturities 6 Months or Less	% Total Investments
N/A	Repurchase Agreement	\$ 8,270,000	\$ 8,270,000	99.96%
AAAm	STAR Ohio	3,163	3,163	0.04%
Totals		<u>\$ 8,273,163</u>	<u>\$ 8,273,163</u>	<u>100.00%</u>

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

STAR Ohio is an investment pool operated by the Ohio State Treasurer. It is unclassified since it is not evidenced by securities that exist in physical or book entry form. Ohio law requires STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service. The weighted average of maturity of the portfolio held by STAR Ohio as of June 30, 2014, is 51 days.

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

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

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

Green Local School District
Summit County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

NOTE 7 – PROPERTY TAXES

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

Property taxes include amounts levied against all real and public utility property located in the School District. Real property tax revenue received in calendar year 2014 represents collections of calendar year 2013 taxes. Real property taxes received in calendar year 2014 were levied after April 1, 2013, on the assessed value listed as of January 1, 2013, the lien date. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar year 2014 represents collections of calendar year 2013 taxes. Public utility real and tangible personal property taxes received in calendar year 2014 became a lien December 31, 2012, were levied after April 1, 2013 and are collected in 2014 with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

The School District receives property taxes from Summit County. The Fiscal Officer periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2014, are available to finance fiscal year 2014 operations. The amount available as an advance at June 30, 2014 was \$3,021,508 in the general fund, \$201,965 in the debt service fund, and \$407,324 in the permanent improvement fund, a nonmajor governmental fund. This amount is recorded as revenue. The amount available for advance at June 30, 2013, was \$957,410 in the general fund, \$65,709 in the debt service fund, and \$127,694 in the permanent improvement fund, a nonmajor governmental fund. 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, 2014 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred inflows of resources.

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

Green Local School District
Summit County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

The assessed values upon which the fiscal year 2014 taxes were collected are:

	2013 Second Half Collections		2014 First Half Collections	
	Amount	Percent	Amount	Percent
Real Estate	\$ 647,395,900	97.49%	\$ 650,888,060	97.32%
Public Utility Personal Property	16,695,090	2.51%	17,904,900	2.68%
	<u>\$ 664,090,990</u>	<u>100.00%</u>	<u>\$ 668,792,960</u>	<u>100.00%</u>
Tax rate per \$1,000 assessed valuation	<u>\$ 46.54</u>		<u>\$ 46.22</u>	

NOTE 8 - RECEIVABLES

Receivables at June 30, 2014, consisted of accounts, taxes, interfund, and intergovernmental. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds.

Intergovernmental receivables consisted of \$223,602 in excess costs, a \$13,085 SERS refund due to the School District, \$192,847 in grants due to other governmental funds and \$151,964 in other miscellaneous receivables.

NOTE 9 – CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2014, was as follows:

	Balance 6/30/2013	Additions	Reductions	Balance 6/30/2014
Governmental Activities				
<i>Capital Assets, not Being Depreciated:</i>				
Land	\$ 1,031,143	\$ 0	\$ 0	\$ 1,031,143
Construction in Progress	0	437,669	0	437,669
Total Capital Assets, not being depreciated	<u>1,031,143</u>	<u>437,669</u>	<u>0</u>	<u>1,468,812</u>
<i>Capital Assets, Being Depreciated:</i>				
Buildings and Improvements	57,598,191	35,764	0	57,633,955
Furniture and equipment	4,849,263	13,888	0	4,863,151
Vehicles	3,338,855	0	0	3,338,855
Total Capital Assets, Being Depreciated	<u>65,786,309</u>	<u>49,652</u>	<u>0</u>	<u>65,835,961</u>
Less Accumulated Depreciation:				
Buildings and Improvements	(22,499,361)	(1,431,933)	0	(23,931,294)
Furniture and Equipment	(3,849,294)	(141,344)	0	(3,990,638)
Vehicles	(2,181,428)	(133,795)	0	(2,315,223)
Total Accumulated Depreciation	<u>(28,530,083)</u>	<u>(1,707,072)</u>	<u>0</u>	<u>(30,237,155)</u>
Total Capital Assets Being Depreciated, Net	<u>37,256,226</u>	<u>(1,657,420)</u>	<u>0</u>	<u>35,598,806</u>
<i>Governmental Activities Capital Assets, Net</i>	<u>\$ 38,287,369</u>	<u>\$ (1,219,751)</u>	<u>\$ 0</u>	<u>\$ 37,067,618</u>

Green Local School District
Summit County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Depreciation expense was charged to governmental functions as follows:

<i>Governmental Activities:</i>	
Regular Instruction	\$ 1,128,438
Administration	51,839
Operation and Maintenance	169,385
Pupil Transportation	120,933
Food Services	15,941
Extracurricular Activities	<u>220,536</u>
 Total Depreciation	 <u>\$ 1,707,072</u>

NOTE 10 – RISK MANAGEMENT

A. Liability Insurance

The School District is exposed to various risks of loss related to torts; theft of, damage to or destruction of assets; errors and omissions; employee injuries; and, natural disasters. During fiscal year 2014, the School District contracted with Netherlands Insurance for property and inland marine, liability insurance, and fleet insurance. Insurance settlements have not exceeded insurance coverage in each of the past three years, nor has there been a significant reduction in coverage from the prior year.

Coverage provided by Netherlands is as follows:

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

B. Fidelity Bonds

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

C. Workers' Compensation

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

Green Local School District
Summit County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

D. Employee Health Insurance

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

NOTE 11 – OTHER EMPLOYEE BENEFITS

Compensated Absences

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

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

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

NOTE 12 –PENSION PLANS

A. School Employees Retirement System

Plan Description - The School District contributes to the School Employees Retirement System of Ohio (“SERS”), a cost-sharing multiple-employer defined benefit pension plan. 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 state statute per Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report can be obtained by contacting SERS, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling toll free (800) 878-5853. It is also posted on SERS’ website at www.ohsers.org under Employers/Audit Resources.

Green Local School District
Summit County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2014, 13.05 percent and 0.05 percent of annual covered salary was the portion used to fund pension obligations and death benefits, respectively. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amount of 10 percent for plan members and 14 percent for employers. Chapter 3309 of the Ohio Revised Code provides statutory authority for member and employer contributions. The School District's required contributions for pension obligations and death benefits to SERS for the fiscal years ended June 30, 2014, 2013 and 2012 were \$780,096, \$777,961 and \$761,413, respectively; 61 percent has been contributed for fiscal year 2014 and 100 percent for the fiscal years 2013 and 2012.

B. State Teachers Retirement System

Plan Description - The School District participates in the State Teachers Retirement System of Ohio ("STRS Ohio"), a cost-sharing, multiple-employer public employee retirement plan. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a publicly-available, stand-alone financial report that may be obtained by writing to STRS Ohio, 275 East Broad Street, Columbus, Ohio 43215-3371, by calling (888) 227-7877, or by visiting the STRS Ohio website 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. The DB Plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on a member's lifetime contributions and earned interest matched by STRS Ohio funds divided by an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. 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 DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. The DB portion of the Combined Plan payment is payable to a member on or after age 60; the DC portion of the account may be taken as a lump sum or converted to a lifetime monthly annuity at age 50. Benefits are established by Chapter 3307 of the Ohio Revised Code.

A DB or Combined Plan member with five or more years of credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC plan who become disabled are entitled only to their account balance. If a member dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

Funding Policy - For fiscal year 2014, plan members were required to contribute 11 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 11 percent for members and 14 percent for employer contributions. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

Green Local School District
Summit County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

The School District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2014, 2013 and 2012 were \$2,451,256 \$2,159,704 and \$2,044,985, respectively; 84 percent has been contributed for fiscal year 2014 and 100 percent for the fiscal years 2013 and 2012. Contributions to the DC and Combined Plans for fiscal year 2014 were \$51,984 made by the School District and \$40,845 made by the plan members.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2014, certain members of the Board of Education have elected social security. The Board's liability is 6.2 percent of wages paid.

NOTE 13 – POSTEMPLOYMENT BENEFITS

A. School Employees Retirement System

Plan Description – The School District participates in two cost-sharing, multiple employer defined benefit OPEB plans administered by the School Employees Retirement System for non-certificated retirees and their beneficiaries, a Health Care Plan and a Medicare Part B Plan. The Health Care Plan includes hospitalization and physicians' fees through several types of plans including HMO's, PPO's, Medicare Advantage and traditional indemnity plans. A prescription drug plan 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 Medicare Part B Plan reimburses Medicare Part B premiums paid by eligible retirees and beneficiaries as set forth in Ohio Revised Code Section 3309.69. Qualified benefit recipients who pay Medicare Part B premiums may apply for and receive a monthly reimbursement from SERS. The reimbursement amount is limited by statute to the lesser of the January 1, 1999 Medicare Part B premium or the current premium. The Medicare Part B monthly premium for calendar year 2014 was \$104.90 for most participants, but could be as high as \$335.70 per month depending on their income. SERS' reimbursement to retirees was \$45.50. Benefit provisions and the obligations to contribute are established by the System based on authority granted by State statute. The financial reports of both Plans are included in the SERS Comprehensive Annual Financial Report which is available by contacting SERS at 300 East Broad St., Suite 100, Columbus, Ohio 43215-3746. It is also posted on SERS' website at www.ohsers.org under Employers/Audit Resources.

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. The Health Care Fund was established and is administered in accordance with Internal Revenue Code Section 105(e). For fiscal year 2014, 0.14 percent of covered payroll was allocated to health care. An additional health care surcharge on employers is collected for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. Statutes provide that no employer shall pay a health care surcharge greater than 2.0 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the statewide SERS-covered payroll for the health care surcharge. For fiscal year 2014, the actuarially determined amount was \$20,250.

Green Local School District
Summit County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

Active members do not contribute to the postemployment benefit plans. 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. Retirees and their beneficiaries are required to pay a health care premium that varies depending on the plan selected, the number of qualified years of service, Medicare eligibility and retirement status.

The School District's contributions for health care (including surcharge) for the fiscal years ended June 30, 2014, 2013, and 2012 were \$99,489, \$86,725 and \$111,051, respectively; 61 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

The Retirement Board, acting with advice of the actuary, allocates a portion of the current employer contribution to the Medicare B Fund. For fiscal year 2014, the actuarially required allocation was 0.76 percent of covered payroll. The School District's contributions for Medicare Part B for the fiscal years ended June 30, 2014, 2013, and 2012 were \$42,348, \$41,121 and \$44,965, respectively; 61 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

B. State Teachers Retirement System

Plan Description - The School District contributes to the cost sharing, multiple-employer defined benefit Health Plan (the "Plan") administered by the State Teachers Retirement System of Ohio (STRS Ohio) for eligible retirees who participated in the defined benefit or combined pension plans offered by STRS Ohio. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare Part B premiums. The Plan is included in the financial report of STRS. Interested parties can view the most recent Comprehensive Annual Financial Report by visiting www.strsoh.org or by requesting a copy by calling toll-free (888) 227-7877.

Funding Policy - Ohio law 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 Ohio. Active employee members do not contribute to the Plan. All benefit recipients pay a monthly premium. Under Ohio law, funding for post-employment health care may be deducted from employer contributions. For fiscal year 2014, STRS Ohio allocated employer contributions equal to 1 percent of covered payroll to the Health Care Stabilization Fund. The School District's contributions for health care for the fiscal years ended June 30, 2014, 2013, and 2012 were \$175,090, \$166,131 and \$157,307, respectively; 84 percent has been contributed for fiscal year 2014 and 100 percent for fiscal years 2013 and 2012.

Green Local School District
Summit County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

NOTE 14- LONG TERM OBLIGATIONS

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

	Outstanding 6/30/2013	Additions	Reductions	Outstanding 6/30/2014	Amounts Due in One Year
Long Term Obligations:					
General Obligation Bonds					
2009 Bond Refunding					
2.0% - 5.0% - 6/09 - 12/19	\$ 9,715,000	\$ 0	\$ 1,260,000	\$ 8,455,000	\$ 1,290,000
Premium on Debt Issuance	238,201	0	34,029	204,172	0
Energy Conservation Improvement Bonds, Series 2014					
3.75% - 6/14 - 12/29	0	1,718,541	0	1,718,541	0
Total General Obligation Bonds	<u>9,953,201</u>	<u>1,718,541</u>	<u>1,294,029</u>	<u>10,377,713</u>	<u>1,290,000</u>
Learning Center Obligation					
Learning Center - 2005					
2% to 5%, 6/05 - 12/32	7,286,561	0	284,577	7,001,984	291,082
Total Long Term Obligations	<u>17,239,762</u>	<u>1,718,541</u>	<u>1,578,606</u>	<u>17,379,697</u>	<u>1,581,082</u>
Unearned Revenue	12,677,067	0	408,738	12,268,329	424,221
Compensated Absences	1,705,824	178,367	87,899	1,796,292	126,200
Claim Settlement Payable	661,037	0	171,759	489,278	267,537
Capital Lease	594,887	0	111,602	483,285	115,173
Total Governmental Activities Long-Term Liabilities	<u>\$ 32,878,577</u>	<u>\$ 1,896,908</u>	<u>\$ 2,358,604</u>	<u>\$ 32,416,881</u>	<u>\$ 2,514,213</u>

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

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

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

Green Local School District
Summit County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

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

These refunding bonds were issued with a premium of \$374,317 which is reported as an increase to bonds payable. The amounts are being amortized to interest expense over the life of the bonds using the straight-line method. The amortization recorded for June 30, 2014 was \$34,029. The issuance resulted in a difference between the cash flows required to service the old debt and the cash flows required to service the new debt of \$108,937. The amount of defeased debt at June 30, 2014, is \$8,680,000.

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

As of June 30, 2014, the claims settlement payable was related to a court settlement agreement entered into by the School District in August 2013. The agreement will require payments made during fiscal years 2015 and 2016 in the amounts of \$267,537 and \$221,741 respectively. These will be made from the general fund.

Principal and interest requirements to retire the Learning Center Obligation and the general obligation bonds outstanding at June 30, 2014 are as follows:

Fiscal Year Ending June 30,	General Obligation Bonds		Learning Center Obligation		Total	
	Principal	Interest	Principal	Interest	Principal	Interest
2015	\$ 1,290,000	\$ 379,599	\$ 291,082	\$ 241,618	1,581,082	621,217
2016	1,416,969	341,303	296,407	236,618	1,713,376	577,921
2017	1,465,293	292,304	303,613	227,762	1,768,906	520,066
2018	1,518,744	236,290	312,451	219,324	1,831,195	455,614
2019	1,577,326	167,207	321,587	213,550	1,898,913	380,757
2020 - 2024	2,100,351	242,445	1,712,131	956,720	3,812,482	1,199,165
2025 - 2029	657,831	91,090	2,046,155	622,370	2,703,986	713,460
2030 - 2033	147,027	2,577	1,718,558	144,367	1,865,585	146,944
Total	\$ 10,173,541	\$ 1,752,815	\$ 7,001,984	\$ 2,862,329	\$17,175,525	\$ 4,615,144

Green Local School District
Summit County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

NOTE 15 – NOTES PAYABLE

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

	Outstanding 6/30/2013	Additions	Reductions	Outstanding 6/30/2014
Tax Anticipation Notes Series 2011 1% to 3%, 6/12 - 12/14	\$ 2,666,667	\$ 0	\$ 1,333,333	\$ 1,333,334

Fiscal Year Ending June 30,	Notes Payable		
	Principal	Interest	Total
2015	\$ 1,333,334	\$ 16,267	\$ 1,349,601

NOTE 16 – CAPITAL LEASES

Capital lease obligations relate to equipment which is leased under a long-term agreement. The lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standard No. 13 *Accounting for Leases*. Capital lease payments in the governmental funds have been reclassified and are reflected as debt service in the basic financial statements for the general fund. The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2014.

Year	Amount
2015	\$ 130,639
2016	130,639
2017	130,639
2018	130,639
Total Minimum Lease Payments	522,556
Less Amount Representing Interest	39,271
Present Value of Minimum Lease Payments	\$ 483,285

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

Green Local School District
Summit County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

NOTE 17 – INTERFUND TRANSACTIONS

Interfund Balances

At June 30, 2014, the School District had the following interfund balances:

	Interfund Receivable	Interfund Payable	
General Fund	\$ 5,545	\$ 0	
Nonmajor Governmental Funds	0	5,545	
 Total	\$ 5,545	\$ 5,545	

The primary purpose of the interfund balances is to cover costs in specific funds where revenues were not received by June 30, 2014. The outstanding advance is expected to be repaid once the anticipated revenues are received.

NOTE 18– JOINTLY GOVERNED ORGANIZATIONS

A. Northeast Ohio Network (NEOnet)

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

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

The continued existence of NEOnet is not dependent on the School District’s continued participation and no equity interest exists. The School District made contributions in the amount of \$195,715 for fiscal year 2014.

B. Interval Opportunity School

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

Green Local School District
Summit County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

NOTE 19– PUBLIC ENTITY RISK POOL

Stark County Schools Council of Governments

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

NOTE 20 – CONTINGENCIES AND SIGNIFICANT COMMITMENTS

A. Grants

The School District received financial assistance from federal and State agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and are subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, the effect of any such disallowed claims on the overall financial position of the School District at June 30, 2014, if applicable, cannot be determined at this time.

B. Litigation

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

C. Contractual Commitments

As of June 30, 2014, the School District had contractual commitments for the HB264 energy conservation project throughout the School District.

	Contractual Commitment	Expended	Balance 6/30/2014
HB264 Renovations	\$ 1,718,541	\$ 437,669	\$ 1,280,872

D. Encumbrances

Outstanding encumbrances for governmental funds include \$289,113 in the general fund and \$1,573,459 in the non-major governmental funds.

Green Local School District
Summit County, Ohio
Notes to the Basic Financial Statements
For the Fiscal Year Ended June 30, 2014

NOTE 21 – STATUTORY RESERVES

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

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

	Capital Improvement Reserve
Set Aside Restricted Balance June 30, 2013	\$ 0
Current Year Set-Aside Requirement	695,126
Current Year Qualifying Expenditures	(709,693)
Total	\$ (14,567)
Balance Carried Forward to Fiscal Year 2015	\$ 0
Set Aside Balance June 30, 2014	\$ 0

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

**GREEN LOCAL SCHOOL DISTRICT
SUMMIT COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2014**

FEDERAL GRANTOR Pass Through Grantor Program / Cluster Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
U.S. DEPARTMENT OF AGRICULTURE						
<i>Passed Through the Ohio Department of Education:</i>						
Child Nutrition Cluster:						
National School Lunch Program	050013-3L60-2013	10.555	<u>\$320,769</u>	<u>\$108,154</u>	<u>\$320,769</u>	<u>\$108,154</u>
Total U.S. Department of Agriculture			<u>320,769</u>	<u>108,154</u>	<u>320,769</u>	<u>108,154</u>
U.S. DEPARTMENT OF EDUCATION						
<i>Passed Through the Ohio Department of Education:</i>						
Special Education Cluster:						
Special Education - Grants to States	050013-3M20-2013	84.027			23,108	
Special Education - Grants to States	050013-3M20-2014	84.027	780,965		780,902	
Special Education - Preschool Grants (IDEA Preschool)	050013-3C50-2014	84.173	<u>10,425</u>		<u>10,425</u>	
Total Special Education Cluster			<u>791,390</u>		<u>814,435</u>	
Title I Cluster:						
Title I Grants to Local Educational Agencies	050013-3M00-2013	84.010	51,520		69,303	
Title I Grants to Local Educational Agencies	050013-3M00-2014	84.010	<u>317,833</u>		<u>307,505</u>	
Total Title I Cluster			<u>369,353</u>		<u>376,808</u>	
ARRA-Ohio Resident Educator Program	050013-3FD0-2014	84.395	14,743		14,743	
ARRA - Ohio Performance Assessment Pilot Project	050013-3FD0-2014	84.395	<u>14,820</u>		<u>12,611</u>	
Total ARRA - Race to the Top Stimulus			<u>29,563</u>		<u>27,354</u>	
Improving Teacher Quality State Grants	050013-3Y60-2013	84.367	43,665		21,000	
Improving Teacher Quality State Grants	050013-3Y60-2014	84.367	<u>84,455</u>		<u>84,455</u>	
			<u>128,120</u>		<u>105,455</u>	
Total U.S. Department of Education			<u>1,318,426</u>		<u>1,324,052</u>	
Totals			<u>\$1,639,195</u>	<u>\$108,154</u>	<u>\$1,644,821</u>	<u>\$108,154</u>

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

**GREEN LOCAL SCHOOL DISTRICT
SUMMIT COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FISCAL YEAR ENDED JUNE 30, 2014**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - CHILD NUTRITION CLUSTER

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

NOTE C – FOOD DONATION PROGRAM

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



Dave Yost • Auditor of State

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

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

To the Board of Education:

We have audited, in accordance with auditing standards generally accepted in the United States, and the Comptroller General of the United States' *Government Auditing Standards*, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Green Local School District, Summit County, (the District) as of and for the year ended June 30, 2014, 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 18, 2015, wherein we noted the District adopted the provisions of Governmental Accounting Standards No. 65, "Items Previously Reported as Assets and Liabilities".

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

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

Dave Yost
Auditor of State
Columbus, Ohio

March 18, 2015



Dave Yost • Auditor of State

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

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

To the Board of Education:

Report on Compliance for Each Major Federal Program

We have audited the Green Local School District's (the District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that could directly and materially affect each of the District's major federal programs for the year ended June 30, 2014. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the District's major federal programs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to opine on the District's compliance for each of the District's major federal programs based on our audit of the applicable compliance requirements referred to above. Our compliance audit followed auditing standards generally accepted in the United States of America; the standards for financial audits included in the Comptroller General of the United States' *Government Auditing Standards*; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. These standards and OMB Circular A-133 require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Basis for Qualified Opinion on Child Nutrition Cluster

As described in Finding 2014-001 in the accompanying schedule of findings, the District did not comply with the requirement regarding the Special Tests and Provisions - Verification of Free and Reduced Price Applications applicable to its Child Nutrition Cluster federal program. Compliance with this requirement is necessary, in our opinion, for the District to comply with requirements applicable to this program.

Qualified Opinion on Child Nutrition Cluster

In our opinion, except the noncompliance described in the *Basis for Qualified Opinion on Child Nutrition Cluster* paragraph, the District complied, in all material respects, with the requirements referred to above that could directly and materially affect its Child Nutrition Cluster Program for the year ended June 30, 2014.

Unmodified Opinion on Each of the Other Major Federal Programs

In our opinion, Green Local School District complied, in all material respects, with the requirements referred to above that could directly and materially affect its other major federal program identified in the *Summary of Auditor's Results* section of the accompanying schedule of findings for the year ended June 30, 2014.

Report on Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the applicable compliance requirements referred to above. In planning and performing our compliance audit, we considered the District's internal control over compliance with the applicable requirements that could directly and materially affect a major federal program, to determine our auditing procedures appropriate for opining on each major federal program's compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not to the extent needed to opine on the effectiveness of internal control over compliance. Accordingly, we have not opined on the effectiveness of the District's internal control over compliance.

Our consideration of internal control over compliance was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Therefore, we cannot assure we have identified all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. However, as discussed below, we identified a certain deficiency in internal control over compliance that we consider to be a material weakness.

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 a 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. We consider the deficiency in internal control over compliance described in the accompanying schedule of findings as item 2014-001 to be a material weakness.

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

This report only describes the scope of our tests of internal control over compliance and the results of this testing based on OMB Circular A-133 requirements. 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 "D" and "Y".

Dave Yost
Auditor of State
Columbus, Ohio

March 18, 2015

THIS PAGE INTENTIONALLY LEFT BLANK.

**GREEN LOCAL SCHOOL DISTRICT
SUMMIT COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2014**

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

Noncompliance and Material Weakness

Finding Number	2014-001
CFDA Title and Number	Child Nutrition Cluster – CFDA #10.555
Federal Award Number / Year	2013 and 2014
Federal Agency	U.S. Department of Agriculture
Pass-Through Agency	Ohio Department of Education

7 CFR § 245.6a requires by November 15th of each school year, the local education agency (LEA) must verify the current free and reduced price eligibility of households selected from a sample of applications that it has approved for free and reduced price meals. It further requires written evidence, collateral contracts and systems of records be used to verify the selected students in fact qualified for free or reduced price lunches based on federal income eligibility guidelines.

While the District used the Free or Reduced Meal Application Tracking (FORMAT) system to properly select the required sample of 6 students and sent out letters to request income verification, it did not properly enter responses into the system. This resulted in 5 out of 6 (83%) students who should have been denied benefits, continued to receive free or reduced lunches throughout the year. Four of these student households did not respond to the verification request and should have been denied benefits as a result. In addition, the District did not correctly enter the correct income amounts in the FORMAT system for the two student households that sent income verification into the District. One of these student households had verified income that would have disqualified them for benefits, while the other had sufficiently low income to continue to receive free lunches. In addition, the District did not keep copies of the letters sent to households.

The District should take steps to ensure employees understand how to properly enter verification information into the system and receive adequate training and guidance concerning verification requirements. In addition, all documentation such as copies of letters sent to households requesting verification information should be maintained. This will help ensure compliance with federal reporting requirements and the proper verifications of student eligibility determinations during the year.

Official’s Response: Green Local Schools takes any findings in the financial audit very seriously. At the time the error in the food service department was explained to us, the Director of Operations sent the supervisor to training on the Free and Reduced Meal Application Tracking system. Further, both the Director of Operations and myself have followed through with this supervisor to ensure that she has done this properly in the current fiscal year. Lastly, the Director of Operations is continuing to send and monitor the Food Service Supervisor to multiple training opportunities to comply with state and federal food service laws.



Dave Yost • Auditor of State

GREEN LOCAL SCHOOL DISTRICT

SUMMIT COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
APRIL 2, 2015**