



# Balestra, Harr & Scherer, CPAs, Inc.

---

Accounting, Auditing and Consulting Services for Federal, State and Local Governments

[www.bhmcpagroup.com](http://www.bhmcpagroup.com)

GEORGETOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
BROWN COUNTY

SINGLE AUDIT

For the Year Ended June 30, 2016  
Fiscal Year Audited Under GAGAS: 2016





# Dave Yost • Auditor of State

Board of Education  
Georgetown Exempted Village School District  
1043 Mt. Orab Pike  
Georgetown, Ohio 45121

We have reviewed the *Independent Auditor's Report* of the Georgetown Exempted Village School District, Brown County, prepared by Balestra, Harr & Scherer, CPAs, Inc., for the audit period July 1, 2015 through June 30, 2016. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Georgetown Exempted Village School District is responsible for compliance with these laws and regulations.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost  
Auditor of State

February 8, 2017

**This page intentionally left blank.**

**Georgetown Exempted Village School District**  
*Basic Financial Statements*  
For The Fiscal Year Ended June 30, 2016  
Table of Contents

<u>TITLE</u>	<u>PAGE</u>
Independent Auditor’s Report.....	1
Management’s Discussion and Analysis.....	4
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position- Cash Basis.....	10
Statement of Activities-Cash Basis.....	11
Fund Financial Statements:	
Statement of Assets and Fund Balances-Cash Basis -Governmental Funds .....	12
Statement of Cash Receipts, Disbursements and Changes in Fund Balances-Cash Basis-Governmental Funds.....	13
Statement of Receipts, Disbursements and Changes in Fund Balance-Budget and Actual –Budget Basis -General Fund.....	14
Statement of Fiduciary Net Position-Cash Basis-Fiduciary Funds.....	15
Statement of Changes in Fiduciary Net Position-Cash Basis–Fiduciary Fund.....	16
Notes to the Basic Financial Statements.....	17
Schedule of Federal Awards Receipts and Expenditures .....	43
Notes to the Schedule of Federal Awards Receipts and Expenditures.....	44
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required by <i>Government Auditing Standards</i> .....	45
Independent Auditor’s Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance .....	47
Schedule of Findings 2 CFR §200.515 .....	49
Schedule of Prior Audit Findings.....	51

**This page intentionally left blank.**



# Balestra, Harr & Scherer, CPAs, Inc.

Accounting, Auditing and Consulting Services for Federal, State and Local Governments

[www.bhmcpagroup.com](http://www.bhmcpagroup.com)

## Independent Auditor's Report

Georgetown Exempted Village School District  
1043 Mt. Orab Pike  
Georgetown, Ohio 45121

To the Members of 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 Georgetown Exempted Village School District, Brown County, Ohio (the District), as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

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

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

### *Auditor's Responsibility*

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

An audit requires obtaining evidence about financial statement amounts and disclosures. The procedures selected depend on our judgment, including assessing the risks of material financial statement misstatement, whether due to fraud or error. In assessing those risks, we consider internal control relevant to the 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.

Members of the Board of Education  
Georgetown Exempted Village School District  
Independent Auditor's Report

***Opinion***

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

***Accounting Basis***

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

***Other Matters***

*Supplemental and Other Information*

Our audit was conducted to opine on the financial statements taken as a whole.

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

The schedule is management's responsibility, and derives from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. We subjected this schedule to the auditing procedures we applied to the basic financial statements. We also applied certain additional procedures, including comparing and reconciling this schedule directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and 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 Information*

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



Members of the Board of Education  
Georgetown Exempted Village School District  
Independent Auditor's Report

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2016, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. That report describes the scope of our internal control testing over financial reporting and compliance, and the results of that testing, and does not opine on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*Balestra, Harr & Scherer, CPAs*

Balestra, Harr & Scherer, CPAs, Inc.  
Piketon, Ohio  
December 16, 2016

**GEORGETOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
BROWN COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
UNAUDITED

The discussion and analysis of the Georgetown Exempted Village School District's (the "School District") financial performance provides an overall review of the School District's financial activities for the year ended June 30, 2016, within the limitations of the School District's cash basis of accounting. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the cash-basis financial statements and the notes to the financial statements to enhance their understanding of the School District's financial performance.

**Financial Highlights**

Key financial highlights for fiscal year 2016 are as follows:

- In total, net position increased \$1,045,834. The School District was able to increase net position primarily through increases in general receipts while controlling disbursements to maintain an operating surplus.
- The School District's general receipts, those being primarily property taxes and unrestricted state entitlements were 78 percent of the total cash receipts received during fiscal year 2016, as compared to 74 percent in fiscal year 2015.

**Using the Basic Financial Statements**

This annual report is presented in a format consistent with the presentation requirements of the Governmental Accounting Standards Board (GASB) Statement No. 34, as applicable to the School District's cash basis of accounting.

The School District has elected to present its financial statements on a cash basis of accounting. This basis of accounting is a basis of accounting other than generally accepted accounting principles. Basis of accounting is a reference to when financial events are recorded, such as the timing for recognizing revenues, expenses and the related assets and liabilities. Under the School District's cash basis of accounting, receipts and disbursements and the related assets and liabilities are recorded when they result in cash transactions.

As a result of using the cash basis of accounting, certain assets and their related revenues (such as accounts receivable) and certain liabilities and their related expenses (such as accounts payable) are not recorded in the financial statements. Therefore, when reviewing the financial information and discussion with this report, the reader must keep in mind the limitations resulting from the use of the cash basis of accounting.

The statement of net position and statement of activities provide information about the activities of the whole School District, presenting an aggregate view of the School District's cash basis finances.

Fund financial statements provide a greater 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. The School District's major funds for fiscal year 2016 were the General and Bond Retirement funds.

**GEORGETOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
BROWN COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
UNAUDITED

**Reporting the School District as a Whole**

***Statement of Net Position and the Statement of Activities***

The statement of net position and the statement of activities reflect how the School District did financially during fiscal year 2016, within the limitations of cash basis accounting. The statement of net position presents the cash balance of the governmental activities of the School District at fiscal year-end. The statement of activities compares cash disbursements with program receipts for each function or program of the School District's governmental activities. A function is a group of related activities designed to accomplish a major service or regulatory program for which the School District is responsible.

Program receipts include charges paid by the receipt of the program's goods or services and grants and contributions restricted to meeting the operational or capital requirements of a particular program. General receipts are all receipts not classified as program receipts. The comparison of cash disbursements with program receipts identified how each governmental function draws from the School District's general receipts.

These statements report the School District's net position and changes in the net position on a cash basis. Factors which contribute to these changes may also include the School District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs, mandated federal and state programs and other factors.

In the statement of net position and the statement of activities, all of the School District's activities are presented as governmental activities. All of the School District's programs and services are reported here including instruction, support services, non-instructional services, food services, extracurricular activities, and capital outlay disbursements.

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

***Fund Financial Statements***

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the School District can be divided into two categories: governmental funds and fiduciary funds.

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 and Bond Retirement funds.

***Governmental Funds***

Most of the School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using the cash basis of accounting. The governmental fund statements provide a detailed 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 cash basis financial resources that can be readily spent to finance various School District programs. Since the School District is reporting on the cash basis of accounting, there are no differences in the net assets and fund cash balances or changes in net assets and changes in fund cash balances. Therefore, no reconciliation is necessary between such financial statements.

**GEORGETOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
BROWN COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
UNAUDITED

The School District's budgetary process accounts for certain transactions on a cash basis. The budgetary statement for the general fund is presented to demonstrate the School District's compliance with annually adopted budgets.

***Fiduciary Funds***

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

***Notes to the Financial Statements***

The notes provide additional information that is essential to full understanding of the data provided in the government-wide and fund financial statements.

**Government-Wide Financial Analysis**

Recall that the statement of net position provides the perspective of the School District as a whole.

The financial statements were prepared on cash-basis utilizing the GASB Statement No. 34 format. Table 1 provides a summary of the School District's net position for fiscal years 2016 and 2015.

	<b>Table 1 - Net Position</b>	
	<u>Governmental Activities</u>	
	<u>2016</u>	<u>2015</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 4,174,195	\$ 3,128,361
Total assets	<u>\$ 4,174,195</u>	<u>\$ 3,128,361</u>
<u>Net Position</u>		
Restricted	1,016,485	890,244
Unrestricted	<u>3,157,710</u>	<u>2,238,117</u>
Total net position	<u>\$ 4,174,195</u>	<u>\$ 3,128,361</u>

As mentioned previously, the total net position increased \$1,045,834. The primary reasons contributing to the increase in cash balances were as follows:

- Program receipts decreased by \$335,042, primarily resulting from decreased funding from federal grants. General receipts increased by \$790,777 as a result of increased State foundation capacity aid funding and property taxes.
- Total disbursements increased by \$36,344 as a result of a tight control of instructional and support services disbursements. Instructional staff disbursements decreased 60 percent from fiscal year 2015, as a result of grants received in 2015 that were allocated to this line item.
- Containment of overall disbursements within available receipts contributed to the overall positive result on the bottom line for the fiscal year.

**GEORGETOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
BROWN COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
UNAUDITED

Table 2 reflects the changes in net position for fiscal years 2016 and 2015.

	<u>Governmental Activities</u>		
	<u>2016</u>	<u>2015</u>	<u>Net Increase (Decrease)</u>
<b>Receipts:</b>			
Program receipts:			
Charges for services and sales	\$ 916,915	\$ 791,398	\$ 125,517
Operating grants and contributions	<u>1,641,904</u>	<u>2,102,463</u>	<u>(460,559)</u>
Total program receipts	<u>2,558,819</u>	<u>2,893,861</u>	<u>(335,042)</u>
General receipts:			
Property taxes	2,565,290	2,381,495	183,795
Unrestricted grants	6,447,791	5,803,920	643,871
Investment earnings	31,613	15,604	16,009
Miscellaneous	18,487	70,885	(52,398)
Sale of capital assets	<u>-</u>	<u>500</u>	<u>(500)</u>
Total general receipts	<u>9,063,181</u>	<u>8,272,404</u>	<u>790,777</u>
Total receipts	<u>11,622,000</u>	<u>11,166,265</u>	<u>455,735</u>
<b>Disbursements:</b>			
Instruction:			
Regular	4,952,694	4,704,548	248,146
Special	1,182,966	1,168,260	14,706
Vocational	131,071	160,385	(29,314)
Other	6,072	6,672	(600)
Support services:			
Pupil	512,155	475,911	36,244
Instructional staff	277,278	694,428	(417,150)
Board of education	20,510	18,870	1,640
Administration	793,693	738,852	54,841
Fiscal	305,631	282,581	23,050
Business	35,799	46,862	(11,063)
Operations and maintenance	747,127	814,781	(67,654)
Pupil transportation	473,364	363,039	110,325
Central	38,080	28,522	9,558
Operations of non-instructional services	-	94	(94)
Food service operations	524,039	458,829	65,210
Extracurricular	223,829	215,720	8,109
Capital outlay	-	6,936	(6,936)
Debt service	<u>351,858</u>	<u>354,532</u>	<u>(2,674)</u>
Total disbursements	<u>10,576,166</u>	<u>10,539,822</u>	<u>36,344</u>
Increase in net position	<u>\$ 1,045,834</u>	<u>\$ 626,443</u>	<u>\$ 419,391</u>

**GEORGETOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
BROWN COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
UNAUDITED

Program receipts represent 22 percent of total receipts and are primarily represented by restricted intergovernmental receipts, charges for tuition and fees, extracurricular activities and food service sales. General receipts represent 78 percent of the School District's total receipts and are comprised of property taxes, unrestricted grants and entitlements, investment earnings and miscellaneous. Unrestricted grants and entitlements, which primarily represent State resources for school funding are 55 percent of the School District's total receipts. Property taxes are 22 percent of the School District's total receipts. Other miscellaneous receipts represent less than 1 percent of the School District's total receipts and are insignificant and somewhat unpredictable receipt sources.

The major program disbursements for governmental activities are instruction, which accounts for 59 percent of all governmental disbursements. Support services, which include pupil, instructional staff, board, administration, fiscal business, operations and maintenance, pupil transportation and central, account for 27 percent of all governmental disbursements.

Table 3 indicates the total cost of services and the net cost of services for governmental activities. The statement of activities reflects the cost of program services and the charges for services, grants, and contributions offsetting those services. The net cost of services identified the cost of those services supported by tax receipts and unrestricted state entitlements. Table 3 presents a comparison between the total cost of services and the net cost for fiscal years 2016 and 2015.

**Table 3 - Governmental Activities**

	Total Cost of Services <u>2016</u>	Net Cost of Services <u>2016</u>	Total Cost of Services <u>2015</u>	Net Cost of Services <u>2015</u>
Cash disbursements:				
Instruction:				
Regular	\$ 4,952,694	\$ 4,082,401	\$ 4,704,548	\$ 3,871,080
Special	1,182,966	283,730	1,168,260	505,566
Vocational	131,071	55,523	160,385	107,482
Other	6,072	6,072	6,672	6,211
Support services:				
Pupil	512,155	496,664	475,911	442,419
Instructional staff	277,278	193,794	694,428	173,381
Board of education	20,510	20,510	18,870	17,566
Administration	793,693	765,458	738,852	658,719
Fiscal	305,631	305,631	282,581	263,448
Business	35,799	35,799	46,862	44,540
Operations and maintenance	747,127	747,127	814,781	741,914
Pupil transportation	473,364	470,879	363,039	337,961
Central	38,080	38,080	28,522	26,552
Operations of non-instructional services	-	-	94	(2)
Food service operations	524,039	33,053	458,829	(22,014)
Extracurricular	223,829	130,768	215,720	109,669
Capital outlay	-	-	6,936	6,936
Debt service	351,858	351,858	354,532	354,532
	<u>351,858</u>	<u>351,858</u>	<u>354,532</u>	<u>354,532</u>
Total	<u>\$ 10,576,166</u>	<u>\$ 8,017,347</u>	<u>\$ 10,539,822</u>	<u>\$ 7,645,960</u>

**GEORGETOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
BROWN COUNTY, OHIO**

MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2016  
UNAUDITED

The dependence upon general cash receipts for governmental activities is apparent; with 76 percent of cash disbursements supported through taxes and other general cash receipts during 2016.

**Financial Analysis of the School District's Funds**

The School District's governmental funds are accounted for using the cash basis of accounting. Total governmental funds had receipts of \$11,622,000 (excluding other financing sources) and disbursements of \$10,576,166 (excluding other financing uses). The General fund experienced an increase in fund balance of \$921,563 as a result of an increase in intergovernmental receipts as well as property taxes, tuition and other local receipts. Intergovernmental receipts increased in the general fund primarily due to an increase in the amount received from State foundation. The Bond Retirement fund experienced an increase in fund balance of \$67,505, as receipts for the classroom facilities levy exceeded debt service requirements for the fiscal year. Other governmental funds increased by \$56,766.

**Budgeting Highlights - General Fund**

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 fiscal year 2016, the School District amended its General fund budget as needed. Final budgeted receipts totaled \$9,306,555 (including other financing sources). Actual receipts varied from the final budget by 4 percent because all receipts came in over estimates.

Final disbursements were budgeted at \$9,069,456 (excluding other financing uses) while actual disbursements (excluding other financing uses) were \$8,658,906. The School District was able to keep overall spending in the General fund below budgeted amounts.

**Debt Administration**

At June 30, 2015, the School District's outstanding debt totaled \$3,585,996. For further information regarding the School District's debt, refer to Note 10 to the basic financial statements.

**Current Issues**

The School District, like most governmental entities, is faced with budget challenges during the economic climate. The School District relies heavily on State receipts as well as local property tax receipts to fund its operations.

For fiscal year 2017 the State will be funding schools based on the biennial budget as contained in House Bill 53 approved in June 2015. Preliminary projects from the Ohio Department of Education indicate funding increases during this time period for the School District; however the ultimate impact is unknown at this time.

**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 Eric Toole, Treasurer of Georgetown Exempted Village School District, 1043 Mt. Orab Pike, Georgetown, Ohio 45121.

**Georgetown Exempted Village School District**

*Statement of Net Position - Cash Basis*

*June 30, 2016*

---

---

	<u>Governmental Activities</u>
<b>Assets</b>	
Equity in Pooled Cash and Cash Equivalents	\$ 4,168,703
Restricted Cash	<u>5,492</u>
<i>Total Assets</i>	<u><u>\$ 4,174,195</u></u>
<b>Net Position</b>	
Restricted for:	
Unclaimed Monies	\$ 5,492
Debt service	488,727
Capital projects	9,912
Permanent improvements	174,934
Classroom facilities maintenance	173,511
Food service operations	121,264
District manage activities	24,274
Miscellaneous grants	8,803
State fund programs	5,000
Federally funded programs	4,568
Unrestricted	<u>3,157,710</u>
<i>Total Net Position</i>	<u><u>\$ 4,174,195</u></u>

See accompanying notes to the basic financial statements



**Georgetown Exempted Village School District**

*Statement of Activities - Cash Basis  
For the Fiscal Year Ended June 30, 2016*

		Program Cash Receipts		Net (Expense)/ Revenue and Change in Net Position
	Cash Disbursements	Charges for Services and Sales	Operating Grants and Contributions	Governmental Activities
<b>Governmental Activities</b>				
Current:				
Instruction:				
Regular	\$ 4,952,694	\$ 683,994	\$ 186,299	\$ (4,082,401)
Special	1,182,966	14,929	884,307	(283,730)
Vocational	131,071	-	75,548	(55,523)
Other	6,072	-	-	(6,072)
Support Services:				
Pupil	512,155	15,491	-	(496,664)
Instructional Staff	277,278	-	83,484	(193,794)
Board of Education	20,510	-	-	(20,510)
Administration	793,693	-	28,235	(765,458)
Fiscal	305,631	-	-	(305,631)
Business	35,799	-	-	(35,799)
Operation and Maintenance of Plant	747,127	-	-	(747,127)
Pupil Transportation	473,364	-	2,485	(470,879)
Central	38,080	-	-	(38,080)
Operation of Food Services	524,039	122,530	368,456	(33,053)
Extracurricular Activities	223,829	79,971	13,090	(130,768)
Debt Service	351,858	-	-	(351,858)
<b>Total</b>	<u>\$ 10,576,166</u>	<u>\$ 916,915</u>	<u>\$ 1,641,904</u>	<u>(8,017,347)</u>

**General Receipts**

Property Taxes Levied for:

General Purposes	2,052,633
Classroom Facilities	41,719
Debt Service	337,654
Permanent Improvements	133,284
Grants and Entitlements not Restricted to Specific Programs	6,447,791
Interest	31,613
Miscellaneous	18,487

*Total General Receipts* 9,063,181

Change in Net Position 1,045,834

*Net Position Beginning of Year* 3,128,361

*Net Position End of Year* \$ 4,174,195

See accompanying notes to the basic financial statements

**Georgetown Exempted Village School District**  
*Statement of Assets and Fund Balances - Cash Basis*  
*Governmental Funds*  
*June 30, 2016*

	General	Bond Retirement Fund	Other Governmental Funds	Total Governmental Funds
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$ 3,157,710	\$ 488,727	\$ 522,266	\$ 4,168,703
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	5,492	-	-	5,492
<i>Total Assets</i>	<u>3,163,202</u>	<u>488,727</u>	<u>522,266</u>	<u>4,174,195</u>
<b>Fund Balances</b>				
Nonspendable:				
Unclaimed monies	5,492	-	-	5,492
Restricted:				
Debt service	-	488,727	-	488,727
Capital projects	-	-	9,912	9,912
Permanent improvements	-	-	174,934	174,934
Classroom facilities maintenance	-	-	173,511	173,511
Food service operations	-	-	121,264	121,264
District manage activities	-	-	24,274	24,274
Miscellaneous grants	-	-	8,803	8,803
State funded programs	-	-	5,000	5,000
Federally funded programs	-	-	4,568	4,568
Committed:				
Termination benefits	151,084	-	-	151,084
Assigned:				
Student instruction	33,149	-	-	33,149
Student and staff support	34,429	-	-	34,429
Extracurricular activities	268	-	-	268
Unassigned (Deficit)	2,938,780	-	-	2,938,780
<i>Total Fund Balances</i>	<u>\$ 3,163,202</u>	<u>\$ 488,727</u>	<u>\$ 522,266</u>	<u>\$ 4,174,195</u>

See accompanying notes to the basic financial statements

**Georgetown Exempted Village School District**  
*Statement of Cash Receipts, Disbursements and Changes in Fund Balances - Cash Basis*  
*Governmental Funds*  
*For the Fiscal Year Ended June 30, 2016*

	General	Bond Retirement Fund	Other Governmental Funds	Total Governmental Funds
<b>Receipts</b>				
Property Taxes	\$ 2,052,633	\$ 337,654	\$ 175,003	\$ 2,565,290
Intergovernmental	6,856,193	48,135	1,170,833	8,075,161
Interest	31,613	-	805	32,418
Tuition and Fees	654,452	-	-	654,452
Extracurricular Activities	-	-	79,971	79,971
Classroom materials and fees	44,471	-	-	44,471
Charges for Services	-	-	122,530	122,530
Contributions and donations	-	-	12,090	12,090
Miscellaneous	33,978	-	1,639	35,617
<i>Total Receipts</i>	<u>9,673,340</u>	<u>385,789</u>	<u>1,562,871</u>	<u>11,622,000</u>
<b>Disbursements</b>				
Current:				
Instruction:				
Regular	4,774,723	-	177,971	4,952,694
Special	720,258	-	462,708	1,182,966
Vocational	131,071	-	-	131,071
Other	6,072	-	-	6,072
Support Services:				
Pupil	512,155	-	-	512,155
Instructional Staff	194,031	-	83,247	277,278
Board of Education	20,510	-	-	20,510
Administration	765,458	-	28,235	793,693
Fiscal	287,423	12,359	5,849	305,631
Business	35,799	-	-	35,799
Operation and Maintenance of Plant	668,697	-	78,430	747,127
Pupil Transportation	374,814	-	98,550	473,364
Central	38,080	-	-	38,080
Operation of Food Services	-	-	524,039	524,039
Extracurricular Activities	114,686	-	109,143	223,829
Debt Service:				
Principal Retirement	-	220,000	27,000	247,000
Interest and Fiscal Charges	-	85,925	18,933	104,858
<i>Total Disbursements</i>	<u>8,643,777</u>	<u>318,284</u>	<u>1,614,105</u>	<u>10,576,166</u>
<i>Excess of Revenues Under Expenditures</i>				
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>1,029,563</u>	<u>67,505</u>	<u>(51,234)</u>	<u>1,045,834</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	-	108,000	108,000
Transfers out	(108,000)	-	-	(108,000)
<i>Total Other Financing Sources (Uses)</i>	<u>(108,000)</u>	<u>-</u>	<u>108,000</u>	<u>-</u>
<i>Net Change in Fund Balances</i>	921,563	67,505	56,766	1,045,834
<i>Fund Balances Beginning of Year</i>	<u>2,241,639</u>	<u>421,222</u>	<u>465,500</u>	<u>3,128,361</u>
<i>Fund Balances End of Year</i>	<u>\$ 3,163,202</u>	<u>\$ 488,727</u>	<u>\$ 522,266</u>	<u>\$ 4,174,195</u>

See accompanying notes to the basic financial statements

**Georgetown Exempted Village School District**  
*Statement of Receipts, Disbursements and Changes*  
*In Fund Balance - Budget and Actual -Budget Basis*  
*General Fund*  
*For the Fiscal Year Ended June 30, 2016*

	Budgeted Amounts		Actual	(Optional)
	Original	Final		Variance with Final Budget Positive (Negative)
<b>Receipts</b>				
Property Taxes	\$ 1,902,428	\$ 1,902,428	\$ 2,052,634	\$ 150,206
Intergovernmental	6,818,799	6,818,799	6,856,192	37,393
Interest	13,260	13,260	31,613	18,353
Tuition and Fees	518,972	518,972	654,452	135,480
Classroom materials and fees	36,618	36,618	44,471	7,853
Miscellaneous	6,478	6,478	18,679	12,201
<i>Total receipts</i>	<u>9,296,555</u>	<u>9,296,555</u>	<u>9,658,041</u>	<u>361,486</u>
<b>Disbursements</b>				
Current:				
Instruction:				
Regular	5,174,138	5,285,867	4,779,952	505,915
Special	620,548	633,948	721,084	(87,136)
Vocational	152,059	155,342	131,531	23,811
Other	9,789	10,000	6,072	3,928
Support Services:				
Pupil	469,118	479,248	499,504	(20,256)
Instructional Staff	211,545	216,113	195,485	20,628
Board of Education	19,807	20,235	20,510	(275)
Administration	694,468	709,464	766,814	(57,350)
Fiscal	274,427	280,353	288,149	(7,796)
Business	32,939	33,650	35,799	(2,149)
Operation and Maintenance of Plant	700,203	715,323	685,723	29,600
Pupil Transportation	369,996	377,986	375,248	2,738
Central	34,750	35,500	38,080	(2,580)
Extracurricular Activities	113,966	116,427	114,955	1,472
<i>Total Disbursements</i>	<u>8,877,753</u>	<u>9,069,456</u>	<u>8,658,906</u>	<u>410,550</u>
<i>Excess of Receipts Over (Under) Disbursements</i>	<u>418,802</u>	<u>227,099</u>	<u>999,135</u>	<u>772,036</u>
<b>Other Financing Sources (Uses)</b>				
Refund of prior year disbursements	10,000	10,000	7,700	(2,300)
Transfers out	(152,703)	(156,000)	(156,000)	-
<i>Total Other Financing Sources (Uses)</i>	<u>(142,703)</u>	<u>(146,000)</u>	<u>(148,300)</u>	<u>(2,300)</u>
<i>Net Change in Fund Balance</i>	276,099	81,099	850,835	769,736
<i>Fund Balance Beginning of Year</i>	2,023,240	2,023,240	2,023,240	-
Prior Year Encumbrances Appropriated	61,705	61,705	61,705	-
<i>Fund Balance End of Year</i>	<u>\$ 2,361,044</u>	<u>\$ 2,166,044</u>	<u>\$ 2,935,780</u>	<u>\$ 769,736</u>

See accompanying notes to the basic financial statements

**Georgetown Exempted Village School District**

*Statement of Fiduciary Net Position - Cash Basis*

*Fiduciary Funds*

*June 30, 2016*

	Private	
	Purpose Trust	Agency
<b>Assets</b>		
Equity in Pooled Cash and Cash Equivalents	\$ 1,608,648	\$ 68,212
<i>Total Assets</i>	<u>1,608,648</u>	<u>68,212</u>
<b>Net Position</b>		
Held in Trust for Scholarships	1,608,648	-
Held for Student Activities	-	68,212
Total Net Position	<u>\$ 1,608,648</u>	<u>\$ 68,212</u>

See accompanying notes to the basic financial statements

**Georgetown Exempted Village School District**  
*Statement of Changes in Fiduciary Net Position - Cash Basis*  
*Fiduciary Fund*  
*For the Fiscal Year Ended June 30, 2016*

	Private Purpose Trust
<b>Additions</b>	
Contributions	\$ 8,225
Interest	12,889
<i>Total Additions</i>	21,114
 <b>Deductions</b>	
Payments in Accordance with Trust Agreements	26,050
<i>Total Deductions</i>	26,050
 Change in Net Position	(4,936)
 Net Position - Beginning of Year	1,613,584
 Net Position - End of Year	\$ 1,608,648

See accompanying notes to the basic financial statements

**Georgetown Exempted Village School District  
Brown County**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2016

**1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY**

Georgetown Exempted Village School District, Brown County, Ohio (the "School District"), is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The School District operates under a locally-elected Board form of government consisting of five members elected at-large for staggered four year terms. The School District provides educational services as authorized by state statute and federal guidelines.

The School District was established in 1968 through the consolidation of existing land areas and school districts. The School District serves an area of 60 square miles. It is located in Brown County and includes all of the Village of Georgetown, and portions of surrounding townships. The Board of Education controls the School District's two school buildings staffed by 8 administrators, 40 non-certificated and 70 teaching personnel employees providing education to 1,050 students.

*Reporting Entity:*

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

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

The School District is associated with three organizations, one as a jointly-governed organization, one as an insurance purchasing pool, and one as a public entity shared risk and insurance purchasing pool. These organizations are the South Central Ohio Computer Association, the Ohio School Boards' Association Workers' Compensation Group Rating Program and the Brown County Schools Benefits Consortium. These organizations are presented in Notes 12, 13, and 14 to the basic financial statements.

The School District's management believes these financial statements present all activities for which the School District is financially accountable.

**Georgetown Exempted Village School District  
Brown County**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2016  
(Continued)

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Basis of Accounting**

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

As a result of the use of this cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

**B. Basis of Presentation**

The School District's basic financial statements consist of government-wide financial 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.

**1. 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. Governmental activities generally are financed through taxes, intergovernmental receipts or other non-exchange transactions. The statement of net position presents the cash balance of the governmental activities of the School District at fiscal year end.

The statement of activities compares disbursements with program receipts for each function or program of the School District's governmental activities. Disbursements are reported by function. A function is a group of related activities designed to accomplish a major service or regulatory program for which the government is responsible.

Program receipts include charges paid by the recipient of the program's goods or services, grants and contributions restricted to meeting the operational or capital requirements of a particular program, and receipts of interest earned on grants that are required to be used to support a particular program. General receipts are all receipts not classified as program receipts, with certain limited exceptions. The comparison of direct disbursements with program receipts identifies the extent to which each governmental function is self-financing on the cash basis or draws from the School District's general receipts.



**Georgetown Exempted Village School District  
Brown County**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2016  
(Continued)

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**2. Fund Financial Statements**

During the fiscal 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. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

**C. Fund Accounting**

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

**1. Governmental Funds**

The School District classifies funds financed primarily from taxes, intergovernmental receipts (e.g. grants), and other non-exchange transactions as governmental funds. The School District's major funds are as follows:

**General Fund** - The General Fund is used to account 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.

**Bond Retirement Fund** – The Bond Retirement Fund is a fund provided for the retirement of general obligation bonds and short term notes. All revenue derived from general or special levies, either within or exceeding the ten-mill limitation, which is levied for debt charges on bonds, shall be paid into this fund.

The other governmental funds of the School District account for grants and other resources whose use is restricted to a particular purpose.

**2. Fiduciary Funds**

The fiduciary fund category is split into 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 not available to support the School District's own programs. The School District's private purpose trust fund accounts for programs that provide college scholarships to students after graduation. Agency funds are custodial in nature. The School District's agency fund accounts for various student-managed activities.

**Georgetown Exempted Village School District  
Brown County**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2016  
(Continued)

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**D. Budgetary Process**

All funds, except agency funds, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriations resolution, all of which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amount the Board of Education may appropriate. The appropriations resolution is the Board's authorization to spend resources and sets annual limits on cash disbursements plus encumbrances at the level of control selected by the Board. The legal level of control has been established by the Board at the fund level for all funds. Budgetary allocations at the function and object level within all funds are made by the Treasurer.

The certificate of estimated resources may be amended during the fiscal year if projected increases or decreases in receipts are identified by the Treasurer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate of estimated resources when the original appropriations were adopted. The amounts reported as the final budgeted amounts on the budgetary statements reflect the amounts on the amended certificate of estimated resources in effect at the time final appropriations were passed by the Board.

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

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. Expenditures plus encumbrances may not legally exceed appropriations. Encumbrances outstanding at fiscal yearend are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds. At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriation. Encumbered appropriations are carried forward to the succeeding fiscal year and are not reappropriated.

**E. Cash and Investments**

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

During fiscal year 2016, the School District's investments were limited to negotiable certificates of deposit (CDs), federal government money market funds, and funds invested in the State Treasury Assets Reserve of Ohio (STAR Ohio). Investments are reported at cost, except for STAR Ohio.

**Georgetown Exempted Village School District  
Brown County**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2016  
(Continued)

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**E. Cash and Investments (continued)**

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

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest receipts credited to the General Fund during fiscal year 2016 was \$31,613, which included \$9,433 assigned from other School District funds.

**F. Restricted Assets**

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments, or imposed by law through constitutional provisions or enabling legislation. Restricted assets represent amounts required by State statute to be set aside for the acquisition and construction of capital improvements, bus purchases, and unclaimed monies.

**G. Inventory and Prepaid Items**

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

**H. Capital Assets**

Acquisitions of property, plant and equipment are recorded as disbursements when paid. These items are not reflected as assets in the accompanying financial statements.

**I. Interfund Receivables/Payables**

The School District reports advances-in and advances-out for interfund loans. These items are not reflected as assets and liabilities in the accompanying financial statements.

**J. Accumulated Leave**

In certain circumstances, such as upon leaving employment or retirement, employees are entitled to cash payments for unused leave. Unpaid leave is not reflected as a liability under the School District's cash basis of accounting.

**K. Employer Contributions to Cost-Sharing Pension Plans**

The School District recognizes the disbursement for employer contributions to cost-sharing pension plans when they are paid. As described in Notes 8 and 9, the employer contributions include portions for pension benefits and for postretirement health care benefits.

**Georgetown Exempted Village School District  
Brown County**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2016  
(Continued)

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

**L. Long-Term Obligations**

The School District's cash basis financial statements do not report liabilities for bonds and other long-term obligations. Proceeds of debt are reported when cash is received and principal and interest payments are reported when paid.

**M. Net position**

Net position is reported as restricted when there are limitations imposed on their use either through enabling legislation or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net position restricted for other purposes include resources restricted for food service operations, music and athletic programs, and federal and state grants restricted to cash disbursement for specified purposes. All other net position that do not meet the definition of restricted are reported as unrestricted net position. The School District's policy is to first apply restricted resources when a cash disbursement is incurred for purposes for which both restricted and unrestricted net assets are available.

**N. Fund Balance**

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

***Nonspendable*** The nonspendable fund balance category includes amounts that cannot be spent because they are not in spendable form, or are 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 interfund loans.

***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.

**Georgetown Exempted Village School District  
Brown County**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2016  
(Continued)

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**N. Fund Balance (continued)**

*Unassigned* Unassigned fund balance is the residual classification for the general fund and includes amounts not contained in the other classifications. In other governmental funds, the unassigned classification is used only to report a deficit balance.

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.

**O. Interfund Transactions**

Exchange transactions between funds are reported as receipts in the seller funds and as disbursements in the purchaser funds. Subsidies 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. Repayments from funds responsible for particular cash disbursements to the funds that initially paid for them are not presented in the financial statements.

**P. Intergovernmental Revenues**

Unrestricted intergovernmental revenues received on the basis of entitlement are recorded as receipts when the entitlement is received.

**Q. Receipts and Expenditures**

In the Statement of Activities, receipts that are derived directly from each activity or from parties outside the School District's taxpayers are reported as program receipts. The School District has the following program receipts: charges for services and operating grants and contributions. All other governmental receipts are reported as general. All taxes are classified as general receipts even if restricted for a specific purpose.

**3. COMPLIANCE ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Accounting Principles**

For fiscal year 2016, the School District has implemented GASB Statement No. 72, "Fair Value Measurement and Application", GASB Statement No. 73 "Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68", GASB Statement No. 76, "The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments", and GASB Statement No. 79, "Certain External Investment Pools and Pool Participants".

GASB Statement No. 72 addresses accounting and financial reporting issues related to fair value measurement. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements. The implementation of GASB Statement No. 72 did not have an effect on the financial statements of the School District.

**Georgetown Exempted Village School District**  
**Brown County**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2016  
(Continued)

GASB Statement No. 73 improves the usefulness of information about pensions included in the general purposes external financial reports of state and local governments for making decisions and assessing accountability. The implementation of GASB Statement No. 73 did not have an effect on the financial statements of the School District.

GASB Statement No. 76 identifies - in the context of the current governmental financial reporting environment - the hierarchy of generally accepted accounting principles (GAAP). This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. The implementation of GASB Statement No. 76 did not have an effect on the financial statements of the School District.

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

**B. Compliance**

Ohio Administrative Code, Section 117-2-03 (B), requires the School District to prepare its annual financial report in accordance with generally accepted accounting principles. However, the School District prepared its financial statements on a cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. The accompanying financial statements omit assets, liabilities, net position/fund balances, and disclosures that, while material, cannot be determined at this time. The School District can be fined and various other administrative remedies may be taken against the School District.

**4. BUDGETARY BASIS OF ACCOUNTING**

While the School District is reporting financial position, results of operations, and changes in fund balances on the basis of cash, 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 Receipts, Disbursements and Changes in Fund Balance – Budget and Actual – Budget Basis presented for the general fund is prepared on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major difference between the budget basis and the cash basis is that encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance (cash basis). Additionally, the budget basis reflects activity for the General Fund only as identified in the legally adopted budget. Fund activity for separate funds in the school district budget but which are reclassified to the General Fund as a result of GASB 54 are reported in the cash basis financial statements but not in the budget basis financials.

<u>Reconciliation of June 30, 2016 Fund Balance</u>	
Cash Basis	\$ 3,163,202
Encumbrances	(54,721)
GASB 54 Reclassifications	(169,701)
Budget Basis	<u>\$ 2,938,780</u>

**Georgetown Exempted Village School District  
Brown County**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2016  
(Continued)

**5. DEPOSITS AND INVESTMENTS**

Monies held by the School District are classified by State statute into three categories.

Active monies are public monies determined to be necessary to meet current demands upon the School District treasury. Active 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 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.

Interim monies held by the School District can be deposited or invested in the following securities:

1. United States Treasury bills, bonds, notes, 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 obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
7. The State Treasurer's investment pool (STAR Ohio).

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.

**Georgetown Exempted Village School District  
Brown County**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2016  
(Continued)

**5. DEPOSITS AND INVESTMENTS (Continued)**

**A. Deposits**

Custodial credit risk is the risk that in the event of bank failure, the School District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end the carrying value of all School District deposits was \$796,239. At year end, \$603,397 of the School District's bank balance of \$956,626 was exposed to custodial credit risk because it was uninsured and was collateralized with securities held by the pledging financial institution's trust department or agent, but not in the School District's name.

Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the School District or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured. The School District's policy is to deposit money with financial institutions that are able to abide by the laws governing insurance and collateral of public funds.

**B. Investments**

As of June 30, 2016, the School District had the following investments and maturities:

Investment type	Cost	Investment Maturities				
		6 months or less	7 to 12 months	13 to 18 months	19 to 24 months	Greater than 24 months
Negotiable CDs	\$ 3,000,000	\$ 500,000	\$ -	\$ 500,000	\$ 500,000	\$ 1,500,000
Federal government money market	57,690	57,690	-	-	-	-
STAR Ohio	<u>1,997,126</u>	<u>1,997,126</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 5,054,816</u>	<u>\$ 2,554,816</u>	<u>\$ -</u>	<u>\$ 500,000</u>	<u>\$ 500,000</u>	<u>\$ 1,500,000</u>

Interest rate risk arises because potential purchasers of debt securities will not agree to pay face value for those securities if interest rates subsequently increase. The School District's investment policy addresses interest rate risk by requiring that the School District's investment portfolio be structured so that securities mature to meet cash requirements for ongoing operations and/or long-term debt payments, thereby avoiding that need to sell securities on the open market prior to maturity, and by investing operating funds primarily in short-term investments.



**Georgetown Exempted Village School District  
Brown County**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2016  
(Continued)

**DEPOSITS AND INVESTMENTS (Continued)**

**B. Investments (continued)**

STAR Ohio carries a rating of AAAM by Standard and Poors. The repurchase agreements carry a rating of AAAM by Standard and Poors. The money market funds carry a rating of AAAM by Standard and Poors. Ohio law requires that STAR Ohio maintain the highest rating provided by at least one nationally recognized standard rating service and that the money market fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service. The School District's investment policy does not address investment credit risk beyond the requirements of ORC 135.14(M)(2) which states, "Payments for investments shall be made only upon the delivery of securities representing such investments to the treasurer, investing authority, or qualified trustee. If the securities transferred are not represented by a certificate, payment shall be made only upon receipt of confirmation of transfer from custodian by the treasurer, governing board, or qualified trustee."

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the School District will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party.

Concentration of credit risk is the risk of loss attributed to the magnitude of the School District's investment in a single issuer. The District has invested 39% of its investments in STAR Ohio and 61% in federal government money market funds.

**6. PROPERTY TAXES**

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

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

Public utility property tax receipts received in calendar year 2015 represent the collection of calendar year 2015 taxes. Public utility real and tangible personal property taxes received in calendar year 2016 became a lien on December 31, 2014, were levied after April 1, 2015, and are collected with real property taxes. Public utility real property is assessed at 35 percent of true value; public utility tangible personal property is currently assessed at varying percentages of true value.

**Georgetown Exempted Village School District  
Brown County**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2016  
(Continued)

**6. PROPERTY TAXES (Continued)**

Tangible personal property tax receipts received in calendar year 2016 (other than public utility property) represent the collection of calendar year 2016 taxes levied against local and inter-exchange telephone companies. Tangible personal property tax on business inventory, manufacturing machinery and equipment, and furniture and fixtures is no longer levied and collected. The October 2008 tangible personal property tax settlement was the last property tax settlement for general personal property taxes. Tangible personal property taxes received from telephone companies in calendar year 2016 were levied after October 1, 2015, on the value as of December 31, 2014. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

The School District receives property taxes from Brown County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the counties by June 30, 2016, are available to finance fiscal year 2016 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

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

	2015 Second- Half Collections		2016 First- Half Collections	
	Amount	Percent	Amount	Percent
Real Property	\$102,304,720	95.16%	\$110,552,280	95.41%
Public Utility Property	5,214,570	4.84	5,316,700	4.59
Tangible Personal Property	0	0.00	0	0.00
Total Assessed Value	<u>\$107,519,290</u>	<u>100.00%</u>	<u>\$115,868,980</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$30.40		\$30.40	

**Georgetown Exempted Village School District  
Brown County**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2016  
(Continued)

**7. RISK MANAGEMENT**

**A. Property and Liability**

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2016, the School District contracted with the Ohio School Plan for the following insurance coverage:

Building and Contents - Replacement Cost	\$38,325,724
Automobile Liability	\$3,000,000
Violence Coverage	\$1,000,000
General Liability	
Per Occurrence	\$3,000,000
Aggregate	\$5,000,000

Settled claims have not exceeded this commercial coverage in any of the past three years, and there has been no significant reduction in insurance coverage from the prior fiscal year.

**B. Workers' Compensation**

For fiscal year 2016, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The GRP is intended to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating members is calculated as one experience and a common premium rate is applied to all members in the GRP. Each member pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to participants that can meet the GRP's selection criteria. The firm of Comp Management provides administrative, cost control, and actuarial services to the GRP.

**C. Employee Medical Benefits**

The School District participates in the Brown County Schools Benefits Consortium (the Consortium), a public entity shared risk and insurance purchasing pool (See Note 14), consisting of nine districts. The School District is responsible for providing a current listing of enrolled employees and for providing timely pro-rata payments of premiums to the Consortium for employee health coverage and benefits. The Consortium is responsible for the management and operations of the program. Upon termination from the Consortium, for any reason, the terminated member shall assume and be responsible for the payment of any delinquent contributions and all claims of its employees from the date of termination regardless of the date such claims were incurred.

**Georgetown Exempted Village School District  
Brown County**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2016  
(Continued)

**NOTE 8 - PENSION PLANS**

***Net Pension Liability***

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

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

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

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

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

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

**Georgetown Exempted Village School District  
Brown County**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2016  
(Continued)

**NOTE 8 - PENSION PLANS - (Continued)**

Age and service requirements for retirement are as follows:

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

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

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

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

Funding Policy - Plan members are required to contribute 10 percent of their annual covered salary and the School District is required to contribute 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended by the SERS' Retirement Board up to statutory maximum amounts of 10 percent for plan members and 14 percent for employers. The Retirement Board, acting with the advice of the actuary, allocates the employer contribution rate among four of the System's funds (Pension Trust Fund, Death Benefit Fund, Medicare B Fund, and Health Care Fund). For the fiscal year ended June 30, 2016, the allocation to pension, death benefits, and Medicare B was 14 percent. None of the employer contribution rate was allocated to the Health Care Fund.

The School District's contractually required contribution to SERS was \$152,951 for fiscal year 2016.

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

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

**Georgetown Exempted Village School District  
Brown County**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2016  
(Continued)

**NOTE 8 - PENSION PLANS - (Continued)**

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

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

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

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

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

Funding Policy - Employer and member contribution rates are established by the State Teachers Retirement Board and limited by Chapter 3307 of the Ohio Revised Code. The statutory maximum employee contribution rate was increased one percent July 1, 2015, and will be increased one percent each year until it reaches 14 percent on July 1, 2016. For the fiscal year ended June 30, 2016, plan members were required to contribute 13 percent of their annual covered salary. The School District was required to contribute 14 percent; the entire 14 percent was the portion used to fund pension obligations. The fiscal year 2016 contribution rates were equal to the statutory maximum rates.

The School District's contractually required contribution to STRS Ohio was \$540,550 for fiscal year 2016.

**Georgetown Exempted Village School District  
Brown County**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2016  
(Continued)

**NOTE 8 - PENSION PLANS - (Continued)**

***Net Pension Liability***

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

	SERS	STRS Ohio	Total
Proportionate share of the net pension liability	\$2,070,628	\$9,437,884	\$11,508,512
Proportion of the net pension liability	0.03628800%	0.03414936%	

***Actuarial Assumptions - SERS***

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

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

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

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

Wage inflation	3.25 percent
Future salary increases, including inflation	4.00 percent to 22 percent
COLA or ad hoc COLA	3 percent
Investment rate of return	7.75 percent net of investments expense, including inflation
Actuarial cost method	Entry age normal

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

**Georgetown Exempted Village School District  
Brown County**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2016  
(Continued)

**NOTE 8 - PENSION PLANS - (Continued)**

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

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long Term Expected Real Rate of Return</u>
Cash	1.00 %	0.00 %
US Stocks	22.50	5.00
Non-US Stocks	22.50	5.50
Fixed Income	19.00	1.50
Private Equity	10.00	10.00
Real Assets	10.00	5.00
Multi-Asset Strategies	<u>15.00</u>	7.50
Total	<u><u>100.00 %</u></u>	

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

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
School District's proportionate share of the net pension liability	\$2,871,218	\$2,070,628	\$1,396,466



**Georgetown Exempted Village School District  
Brown County**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2016  
(Continued)

**NOTE 8 - PENSION PLANS - (Continued)**

*Actuarial Assumptions - STRS Ohio*

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

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

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

Actuarial assumptions used in the June 30, 2015, valuation are based on the results of an actuarial experience study, effective July 1, 2012.

The 10 year expected real rate of return on pension plan investments was determined by STRS Ohio's investment consultant by developing best estimates of expected future real rates of return for each major asset class. The target allocation and best estimates of geometric real rates of return for each major asset class are summarized as follows:

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

**Discount Rate** - The discount rate used to measure the total pension liability was 7.75 percent as of June 30, 2015. The projection of cash flows used to determine the discount rate assumes member and employer contributions will be made at the statutory contribution rates in accordance with rate increases described above. For this purpose, only employer contributions that are intended to fund benefits of current plan members and their beneficiaries are included. Projected employer contributions that are intended to fund the service costs of future plan members and their beneficiaries, as well as projected contributions from future plan members, are not included. Based on those assumptions, STRS Ohio's fiduciary net position was projected to be available to make all projected future benefit payments to current plan members as of June 30, 2015. Therefore, the long-term expected rate of return on pension plan investments of 7.75 percent was applied to all periods of projected benefit payment to determine the total pension liability as of June 30, 2015.

**Georgetown Exempted Village School District  
Brown County**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2016  
(Continued)

**NOTE 8 - PENSION PLANS - (Continued)**

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

	1% Decrease (6.75%)	Current Discount Rate (7.75%)	1% Increase (8.75%)
School District's proportionate share of the net pension liability	\$13,109,933	\$9,437,884	\$6,332,619

***Social Security System***

Effective July 1, 1991, all employees not otherwise covered by SERS or STRS have an option to choose Social Security or SERS and STRS. As of June 30, 2016, two members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid.

**9. POSTEMPLOYMENT BENEFITS**

**A. School Employees Retirement System**

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

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

**Georgetown Exempted Village School District  
Brown County**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2016  
(Continued)

**NOTE 9 - POSTEMPLOYMENT BENEFITS - (Continued)**

Funding Policy - State statute permits SERS to fund the health care benefits through employer contributions. Each year, after the allocation for statutorily required basic benefits, the Retirement Board allocates the remainder of the employer contribution of 14 percent of covered payroll to the Health Care Fund. For fiscal year 2016, no portion of covered payroll was allocated to health care. In addition, employers pay a surcharge for employees earning less than an actuarially determined minimum compensation amount, pro-rated according to service credit earned. For fiscal year 2016, this amount was \$23,000. Statutes provide that no employer shall pay a health care surcharge greater than 2 percent of that employer's SERS-covered payroll; nor may SERS collect in aggregate more than 1.5 percent of the total statewide SERS-covered payroll for the health care surcharge.

The School District's contributions for health care for the fiscal years ended June 30, 2016, 2015, and 2014 were \$20,124, \$23,246, and \$21,335, respectively. The full amount has been contributed for fiscal years 2016, 2015 and 2014.

**B. State Teachers Retirement System of Ohio**

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 report of STRS Ohio which may be obtained by visiting [www.strsoh.org](http://www.strsoh.org), under "Publications" or by calling (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 2016, STRS Ohio did not allocate any employer contributions to the Health Care Stabilization Fund. The School District's contributions for health care for the fiscal years ended June 30, 2016, 2015 and 2014 were \$0, \$0 and \$38,249, respectively. The full amount has been contributed for fiscal year 2014.

**Georgetown Exempted Village School District  
Brown County**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2016  
(Continued)

**10. DEBT**

**A. Debt Obligations**

Debt obligations of the School District at June 30, 2016, consisted of the following:

	Principal Outstanding 6/30/2015	Additions	Deductions	Principal Outstanding 6/30/2016	Due in One Year
Classroom Facilities Refunding Bonds					
- 2012 2.88%	3,459,996	-	220,000	3,239,996	215,000
Certificate of Participation					
- 2007 4.92%	290,000	-	20,000	270,000	21,000
Certificate of Participation					
- 2006 4.92%	83,000	-	7,000	76,000	7,000
Total Debt Obligations	<u>\$ 3,832,996</u>	<u>\$ -</u>	<u>\$ 247,000</u>	<u>\$ 3,585,996</u>	<u>\$ 243,000</u>

**Classroom Facilities Refunding Bonds - 2012**

On May 22, 2012, the School District issued \$3,704,996 in classroom facilities refunding bonds (voted general obligation bonds) for the purpose of advance-refunding the Series 2004 Classroom Facilities Bonds. The bond issue included serial, term, and capital appreciation bonds, in the amount of \$2,350,000, \$1,110,000, and \$244,996, respectively. The bonds were issued at a premium of \$585,595. The bonds are being retired from the Bond Retirement debt service fund from a voted tax levy.

The term bonds maturing on December 1, 2029 and December 31, 2031, are subject to mandatory sinking fund redemption at a redemption price equal to 100 percent of the principal amount redeemed, plus accrued interest to the redemption date, on December 1 in the years and respective principal amounts as follows:

Year	Amount
2029	\$535,000
2031	\$575,000

The serial bonds maturing after December 1, 2022, are subject to optional redemption, in whole or in part on any interest payment date, in integral multiples of \$5,000, at the option of the School District on or after June 1, 2022, at the redemption prices of 100% plus accrued interest to the redemption date.

The capital appreciation bonds will mature in fiscal years 2019-2022 and are not subject to redemption prior to maturity. The maturity amount of the bonds is \$235,000, \$225,000, \$245,000, and \$235,000, respectively in fiscal years 2019-2022.

**Georgetown Exempted Village School District  
Brown County**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2016  
(Continued)

**10. DEBT (Continued)**

**Certificates of Participation**

During fiscal year 2007, the School District entered into a Certificate of Participation Obligation totaling \$435,000. The purpose was for obtaining supplemental financing for the acquisition and construction of school improvements including a new elementary school. The School District is leasing the project from the Columbus Regional Port Authority. The Authority will retain title to the project during the certificate term. The certificate will mature in July of 2026.

During fiscal year 2006, the School District entered into a Certificate of Participation Obligation totaling \$257,000. The purpose was for obtaining supplemental financing for the acquisition and construction of school improvements including a new elementary school. The School District is leasing the project from the Columbus Regional Port Authority. The Authority will retain title to the project during the certificate term. The certificate will mature in January of 2026.

**B. Future Debt Requirements**

The annual requirements to amortize all debt outstanding as of June 30, 2016 are as follows:

Year	Classroom Facilities Bonds			Certificates of Participation		
	Principal	Interest	Total	Principal	Interest	Total
2017	\$ 215,000	\$ 82,663	\$ 297,663	\$ 28,000	\$ 16,357	\$ 44,357
2018	235,000	78,700	313,700	30,000	15,026	45,026
2019	77,723	233,626	311,349	32,000	13,574	45,574
2020	62,811	238,539	301,350	33,000	12,052	45,052
2021	57,727	263,623	321,350	34,000	10,482	44,482
2022 - 2026	976,735	515,266	1,492,001	189,000	26,412	215,412
2027 - 2031	1,320,000	145,500	1,465,500	-	-	-
2032	295,000	4,425	299,425	-	-	-
Total	<u>\$ 3,239,996</u>	<u>\$ 1,562,342</u>	<u>\$ 4,802,338</u>	<u>\$ 346,000</u>	<u>\$ 93,903</u>	<u>\$ 439,903</u>

**Georgetown Exempted Village School District  
Brown County**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2016  
(Continued)

**11. SET ASIDE REQUIREMENTS**

The School District is required by State statute to annually set aside, in the General Fund, an amount based on a statutory formula for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the fiscal year must be held in cash at fiscal yearend. These amounts must be carried forward and used for the same purposes in future years. The following cash basis information identifies the changes in fund balance reserves for capital improvements during fiscal year 2016.

	Capital Improvements
Set-Aside Cash Balance, June 30, 2015	\$ -
Current Year Set-Aside Requirement	176,323
Prior Year Carryover	(599,441)
Current Year Offsets	(73,957)
Qualifying Disbursements	(334,497)
Set-Aside Cash Balance Carried Forward to Future Years where allowable	\$ (831,572)
Set-Aside Reserve Balance, June 30, 2016	\$ -

The School District had offsets and qualifying disbursements during the year that reduced the set-aside amounts below zero. These extra amounts may be carried forward to reduce the set-aside requirements of future years.

**12. JOINTLY GOVERNED ORGANIZATION**

The School District was a participant in the South Central Ohio Computer Association (SCOCA), which was a computer consortium. SCOCA was an association of public school districts within the boundaries of Adams, Brown, Highland, Pike, Ross, Scioto, Vinton, and Lawrence Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of SCOCA consisted of two representatives from each of the eight participating counties, two representatives of the school treasurers, plus a representative of the fiscal agent. The School District paid SCOCA \$67,334 during fiscal year 2016.

During fiscal year 2016 SCOCA merged operations with Meta Solutions. Meta Solutions is a computer consortium that develops, implements and supports the technology and instructional needs of schools in a cost-effective manner. Meta Solutions provides instructional, core, technology and purchasing services for its member districts. The Board of Directors consists of the Superintendents from eight of the member districts. During fiscal year 2016, the Center paid Meta Solutions \$48 for services. Financial information can be obtained from the Chief Financial Officer, 100 Executive Drive, Marion, Ohio 43302.

**Georgetown Exempted Village School District  
Brown County**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2016  
(Continued)

**13. INSURANCE PURCHASING POOL**

The School District participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Ohio School Boards Association Workers' Compensation Group Rating Plan (the Plan) was established through the Ohio School Boards Association (OSBA) as an insurance purchasing pool. The Plan's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect, and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as the coordinator of the Plan. Each year, the participants pay an enrollment fee to the Plan to cover the costs of administering the program.

**14. PUBLIC ENTITY SHARED RISK POOL/INSURANCE PURCHASING POOL**

The Brown County Schools Benefits Consortium, a public entity shared risk and insurance purchasing pool, currently operates to provide medical insurance (insurance purchasing pool) and dental coverage (public entity shared risk pool) to enrolled employees of the consortium members and to eligible dependents of those enrolled employees

Six Brown County school districts (Eastern Brown, Fayetteville-Perry, Georgetown, Ripley-Union-Lewis-Huntington, Southern Hills Career and Technical Center, and Western Brown Schools) and two Highland County school districts (Bright Local and Lynchburg-Clay) along with the Brown County Educational Service Center have entered into an agreement to form the Brown County Schools Benefits Consortium. The Consortium is governed by a nine member board consisting of the superintendents of each participating school district along with the superintendent of the Brown County Educational Service Center. The overall objectives of the consortium are to formulate and administer a program of health and dental insurance for the benefit of the consortium members' employees and their dependents. The consortium contracts with United Healthcare to provide medical insurance directly to consortium member employees. The School District pays premiums to the consortium based on employee membership. For dental coverage, the consortium acts as a public entity shared risk pool. Each member district pays dental premiums based on the consortium estimates of future claims. If the member district's dental claims exceed its premiums, there is no individual supplemental assessment; on the other hand, if the School District's claims are low, it will not receive a refund. Dental coverage is administered through a third party administrator, Dental Care Plus. Participating member districts pay an administrative fee to the fiscal agent to cover the costs associated with administering the Consortium. To obtain financial information, write to the Brown County Educational Service Center at 325 West State St., Georgetown, Ohio, 45121.

**15. CONTINGENCIES**

**A. Grants**

The District received financial assistance from federal and State agencies in the form of grants. The expenditures 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, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2016.

**B. Litigation**

There are currently no matters in litigation with the District as defendant.

**Georgetown Exempted Village School District  
Brown County**

Notes to the Basic Financial Statements  
For the Fiscal Year Ended June 30, 2016  
(Continued)

**15. CONTINGENCIES (continued)**

**C. Full-Time Equivalency**

The School District's Foundation funding is based on the annualized full-time equivalent (FTE) enrollment of each student. Effective for the 2015-2016 school year, traditional school districts must comply with minimum hours of instruction, instead of a minimum number of school days each year. The funding formula the Ohio Department of Education (ODE) is legislatively required to follow will continue to adjust as enrollment information is updated by the District, which can extend past the fiscal year end. As of the date of this report, ODE has not finalized the impact of enrollment adjustments to the June 30, 2016 Foundation funding for the District; therefore, the financial statement impact is not determinable at this time.



**Georgetown Exempted Village School District**  
Schedule of Expenditures of Federal Awards  
For The Fiscal Year Ended June 30, 2016

Federal Grantor/ Pass Through Grantor/ Program Title	Pass Through Entity Number	Federal CFDA Number	Passed Through to Subrecipients	Disbursements	Non-Cash Disbursements
<b>United States Department of Agriculture</b>					
<i>Passed through the Ohio Department of Education</i>					
<i>Nutrition Cluster:</i>					
School Breakfast Program, 15-16	3L70	10.553		129,258	-
National School Lunch Program, 15-16	3L60	10.555		231,928	32,905
Total Nutrition Cluster				361,186	32,905
Total United States Department of Agriculture				361,186	32,905
<b>United States Department of Education</b>					
<i>Passed through the Ohio Department of Education</i>					
<i>Teacher Incentive Fund Cluster:</i>					
Teacher Incentive Fund, 14-15	3CG0	84.374		213,298	-
Total Teacher Incentive Fund Cluster				213,298	-
<i>Title I, Part A Cluster:</i>					
Title I Grants to Local Educational Agencies, 14-15	3M00	84.010		28,294	-
Title I Grants to Local Educational Agencies, 15-16	3M00	84.010		230,588	-
Total Title I, Part A Cluster				258,882	-
<i>Special Education Cluster:</i>					
Special Education- Grants to States, 14-15	3M20	84.027		27,874	-
Special Education- Grants to States, 15-16	3M20	84.027		175,995	-
Special Education - Preschool, 15-16	3C50	84.173		2,342	-
Total Special Education Cluster				206,211	-
Rural Education, 15-16	3Y80	84.358		17,780	-
Improving Teacher Quality State Grants, 14-15	3Y60	84.367		6,254	-
Improving Teacher Quality State Grants, 15-16	3Y60	84.367		39,735	-
Total United States Department of Education				742,160	-
<b>Total Federal Financial Assistance</b>				<b>1,103,346</b>	<b>32,905</b>

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

**Georgetown Exempted Village School District  
Brown County**

Notes to the Schedule of Expenditures of Federal Awards  
2 CFR 200.510(b)(6)  
For the Fiscal Year Ended June 30, 2016

**NOTE A – BASIS OF PRESENTATION**

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

**NOTE B – SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE C – CHILD NUTRITION CLUSTER**

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

**NOTE D – FOOD DONATION PROGRAM**

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

**NOTE E – TRANSFERS BETWEEN PROGRAM YEARS**

Federal regulations require schools to obligate certain federal awards by June 30. However, with ODE’s consent, schools can transfer unobligated amounts to the subsequent fiscal year’s program. The District transferred the following amount from 2015 to 2016 programs:

<u>CFDA</u> <u>Number</u>	<u>Program Title</u>	<u>Grant Year</u>	<u>Transfers</u> <u>Out</u>	<u>Transfers</u> <u>In</u>
84.010	Title I Grants to Local Educational Agencies	2015	3,651	
84.010	Title I Grants to Local Educational Agencies	2016		3,651
<b>Totals</b>			<b>\$ 3,651</b>	<b>\$ 3,651</b>



# Balestra, Harr & Scherer, CPAs, Inc.

Accounting, Auditing and Consulting Services for Federal, State and Local Governments

[www.bhmcpagroup.com](http://www.bhmcpagroup.com)

## Report on Internal Control over Financial Reporting and on Compliance and Other Matters Required by *Government Auditing Standards*

Georgetown Exempted Village School District  
Brown County  
1043 Mt. Orab Pike  
Georgetown, Ohio 45121

To the Members of 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 Georgetown Exempted Village School District, Brown County, (the District) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated December 16, 2016 wherein we noted the District follows a comprehensive accounting basis other than generally accepted accounting principles.

### Internal Control over Financial Reporting

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

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

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

### **Compliance and Other Matters**

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

### **Entity's Response to Findings**

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

### **Purpose of this Report**

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

*Balestra, Harr & Scherer, CPAs*

Balestra, Harr & Scherer, CPAs, Inc.  
Piketon, Ohio  
December 16, 2016



# Balestra, Harr & Scherer, CPAs, Inc.

Accounting, Auditing and Consulting Services for Federal, State and Local Governments

[www.bhmcpagroup.com](http://www.bhmcpagroup.com)

## **Independent Auditor's Report on Compliance with Requirements Applicable to Each Major Federal Program and on Internal Control over Compliance Required by the Uniform Guidance**

Georgetown Exempted Village School District  
Brown County  
1043 Mt. Orab Pike  
Georgetown, Ohio 45121

Members of the Board of Education:

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

We have audited the Georgetown Exempted Village School District's (the District) compliance with the applicable requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could directly and materially affect each of the Georgetown Exempted Village School District's major federal programs for the year ended June 30, 2016. The *Summary of Auditor's Results* in the accompanying schedule of findings identifies the District's major federal 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 the audit requirements to Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administration Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). These standards and the Uniform Guidance require us to plan and perform the audit to reasonably assure whether noncompliance with the applicable compliance requirements referred to above that could directly and materially affect a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

***Opinion on Each Major Federal Program***

In our opinion, the Georgetown Exempted Village School District complied, in all material respects with the compliance requirements referred to above that could directly and materially affect each of its major federal programs for the year ended June 30, 2016.

***Report on Internal Control over Compliance***

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

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

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

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

*Balestra, Harr & Scherer, CPAs*

Balestra, Harr & Scherer, CPAs, Inc.  
Piketon, Ohio  
December 16, 2016

**Georgetown Exempted Village School District  
Brown County**

**Schedule of Findings  
2 CFR § 200.515  
June 30, 2016**

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

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material control weaknesses reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weaknesses reported for major federal programs?	No
(d)(1)(iv)	Were there any other significant deficiencies in internal control reported for major federal programs?	No
(d)(1)(v)	Type of Major Program's Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under §.510(a)?	No
(d)(1)(vii)	Major Programs (list):	Title I Nutrition Cluster
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

**Georgetown Exempted Village School District  
Brown County**

**Schedule of Findings  
2 CFR § 200.515  
June 30, 2016**

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

**FINDING NUMBER 2016-001**

**Material Noncompliance Citation**

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

Ohio Administrative Code § 117-2-03(B) requires the District to prepare its annual financial report in accordance with generally accepted accounting principles. The District prepares its financial statements in accordance with the cash basis of accounting in a report format similar to the requirements of Governmental Accounting Standards Board Statement 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*. This presentation differs from accounting principles generally accepted in the United States of America (GAAP). There would be variances on the financial statements between this accounting practice and GAAP that, while presumably material, cannot be reasonably determined at this time. The District can be fined and various other administrative remedies may be taken against the District.

The District should take the necessary steps to ensure that the financial report is prepared in accordance with generally accepted accounting principles.

**Client Response:** School District officials made the decision to prepare and present the financial statements using the OCBOA format as a means of saving time and money for the District.

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

**None**



**Georgetown Exempted Village School District  
Brown County**

Schedule of Prior Audit Findings  
June 30, 2016

---

<b>Finding Number</b>	<b>Finding Summary</b>	<b>Fully Corrected?</b>	<b>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:</b>
2014-001	Material Non-Compliance: OAC 117-2-03(B) the District is required to file its annual financial report in accordance with GAAP.	No	Not Corrected. Reissued as finding 2016-001

**This page intentionally left blank.**



# Dave Yost • Auditor of State

**GEORGETOWN EXEMPTED VILLAGE SCHOOL DISTRICT**

**BROWN COUNTY**

## **CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
MARCH 9, 2017**